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PRESIDENT'S  
REORGANIZATION  
PROJECT

WASHINGTON, D.C. 20503

November 23, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Jim McIntyre

Attached, for discussion in our meeting on November 28, is our report on options for reorganizing education programs.

cc;  
Vice President  
Joe Califano  
Alan Campbell  
Stuart Eizenstat  
Hamilton Jordan  
Robert Lipshutz  
Frank Moore  
Richard Pettigrew  
Jody Powell  
Charles Schultz  
Jack Watson

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THE WHITE HOUSE  
WASHINGTON

Pat. Bill - Fred  
R. B. Coffey's bill (54)  
NEA control

9% → 33%

Cities/Schools Common program

Enrollment ↓ 25% by 1990

Warren Dept 10/25 B. L. on Ed

Nutrition

Soc Services / Head Start

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2:30 p.m.

THE WHITE HOUSE  
WASHINGTON

11/28/77

Mr. President:

Additional staff comments on OMB's  
education reorganization proposal:

Dick Pettigrew favors OMB's proposal  
for a broad Department of Education  
and Human Development. He suggests  
that you announce your detailed  
position in mid-1978, with the ex-  
pectation that Congress would not  
act until 1979.

Dan Tate says that a broad-based  
Education Department would be very  
popular in the Senate (especially  
with Sen. Pell, Chairman of the  
Education Subcommittee). However,  
this would strip HEW of those programs  
with which it makes positive political  
points with the Hill, leaving only  
unpopular programs (e.g., welfare)  
to HEW. Bill Cable says that the  
narrow Education Department would be  
viewed as a sop to NEA, and has only  
superficial support from traditional  
education supporters (fearing NEA's  
pressure). Only a broad-based  
Department has a chance of passage.

Rick

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## CONTENTS

### Briefing Book Education Reorganization Study

#### DECISION MEMORANDUM

- Appendix A: Analysis of the Structural Options for Reorganization
- Appendix B: A New Department Encompassing Education and Human Development Activities: A Discussion of Key Issues
- Appendix C: Preliminary Analysis of Education-Related Programs as Candidates for Consolidation

#### BACKGROUND

- Overview of HEW
- Options for Reorganizing Education
- Political Response to the Options
- Problems in Education
- Legislative Horizon
- Case for Option 2
- Other Proposals for Reorganizing Education

# PRESIDENT'S REORGANIZATION PROJECT

## ISSUE: Reorganization of Education Programs

### Table of Contents

	<u>Page</u>
Introduction	1.
I. Background	1.
II. Description and Evaluation of Alternative Structures	6.
III. Options for Action	16.
Table 1 - Budget and Personnel Estimates for Three Alternative Structures	19.
Appendix A - Analysis of Structural Options for Reorganization	
Appendix B - A New Department Encompassing Education and Human Development Activities: A Discussion of Key Issues	
Appendix C - Preliminary Analysis of Education Related Programs as Candidates for Consolidation	

## INTRODUCTION

This report presents, for your review, alternative structures for organizing Federal education programs, together with our assessment of their relative benefits and our recommended course of action. This analysis is the product of the first part of a two-phase study of the organization and delivery of education-related programs.

As you requested, this first phase of study has focused on whether to proceed with a new department or to maintain education as part of the Department of Health, Education, and Welfare (DHEW). During the second phase of the study, we will examine in greater detail the relationships among Federal education-related programs at the community, local, State and Federal levels. We will develop detailed recommendations for the specific program content and internal operation of your preferred overall structure. We will also recommend changes in Federal procedural and administrative requirements to improve the delivery of education and related services.

Section 1 of this report provides a brief overview of the Federal role in education, and problems and criticisms that relate to the structure of education-related programs.

Section II describes three alternative structures for administering education programs, specifies the criteria for assessing their desirability, summarizes our analysis of their advantages and disadvantages, and draws some conclusions from our findings.

Section III identifies options for action and provides our recommendation.

### I. BACKGROUND

#### A. The Federal Role in Education

Historically, education in the United States has been financed and administered largely by State, local and private agencies. A decentralized and locally controlled education system continues to be seen as a national asset and, while there are strong demands for more Federal funds, there is little interest in increased Federal control.

The present character and size of Federal involvement in education have their roots in the mid-1960's. Federal expenditures for education increased 400 percent from 1963 to 1969. There are now at least 267 Federal programs in 24 Federal agencies that are "education-related." Approximately one-third of these programs are administered by the Education Division in DHEW.

The Federal government will spend over \$25 billion on education programs in 1977--about 10 percent of the domestic Federal budget. The Federal government provides about 9 percent of all public and private funds for elementary and secondary schools and about 40 percent of the total for higher education. More than one-fourth of the Federal spending on higher education goes into research.

There are no authoritative or widely accepted statements of what the Federal role in education is or should be. With respect to elementary and secondary education, the role of Federal programs has been primarily one of supporting programs for disadvantaged groups, including poor, handicapped, and bilingual children. This purpose is to equalize opportunities and access to education and training. In higher education, the Federal government provides both student assistance, primarily to promote equal opportunities for advanced learning, and institutional support to colleges and universities. All Federal education programs seem to serve one of six general objectives:

1. Promoting equal educational opportunity and access (81 programs, \$11 billion). Examples: Compensatory Education and Education for the Handicapped.
2. Improving the relationships among education, training and work (28 programs, \$8.8 billion). Examples: The Comprehensive Employment and Training Act, and Vocational Education.
3. Providing general financial assistance to special populations and institutions (57 programs, \$5.8 billion). Examples: Veterans Administration education benefits, Health Professional Training, and Impact Aid.



4. Encouraging reforms and assessing the quality of education (56 programs, \$0.6 billion). Examples: The National Institute of Education and the Education Directorate of the National Science Foundation.
5. Operating schools and providing direct educational services (8 programs, \$0.5 billion). Examples: Department of Defense Dependents Schools and Bureau of Indian Affairs Schools.
6. Promoting cultural development (37 programs, \$0.2 billion). Examples: National Endowments for the Arts and Humanities.\*

#### B. Problems Associated with Education

There is a growing realization that existing institutions and approaches to education are limited and perhaps inappropriate. Important trends and characteristics include:

##### 1. Unsatisfactory Levels of Student Achievement

Performance of students, as measured by academic achievement tests, has declined. For example, between 1963 and 1977, scores on the Scholastic Aptitude Test of verbal skills dropped 18 percent and there was an 11 percent decline in mathematics scores. A recent College Board study attributed this drop not only to failures of schools, but also of families and communities. The knowledge and basic skills of many young people are inadequate to meet their needs for employment and for coping with the complexities of contemporary society. While it is difficult to determine whether public schools are less effective than in the past, it is clear that the results of the nation's

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\*It can be argued that there is a seventh objective, the development of knowledge through basic research. Because this research, in fields such as chemistry, physics, social and biological sciences, is primarily oriented toward the missions of the administering agencies, it was not treated as an education function.

educational programs fall short of the achievement we should hope for and be able to secure. Among adults surveyed by a Gallup poll in August 1977, more than half believed that the quality of education children receive has declined.

## 2. Isolation of Education from Families and Related Community Services

There is a growing awareness that learning difficulties frequently are rooted in family and social environments. However, parents often are not involved in their children's schooling and, while a wide variety of social and rehabilitation services that might improve students' ability to learn are available, they are administered in isolation from each other and from the schools.\*

## 3. Changing Character of Educational Needs

Declining school enrollments, the socioeconomic diversity of students, technological innovation, changing values, and a growing proportion of older citizens are likely to lead to further demands that education provide support for re-training and lifelong learning opportunities. The development of basic skills is now receiving increasing emphasis. At the same time there is a need for supplementing this primary responsibility of schools with other support services, particularly those that address the multiple problems of disadvantaged youths and bear on the success of their education. Over 20 percent of the nation's young people do not graduate from high school. These school drop-outs are four times as likely to be unemployed

\*Comprehensive approaches to many of the problems associated with reaching one's potential for learning, self-sufficiency and productivity seem promising and are being practiced or demonstrated in many communities. For example, the Head Start demonstration projects, which involve parents of preschool children and use a comprehensive services and education approach, have been popular and successful. Also, the "Cities in Schools" demonstration projects, funded by several agencies, and using the school as a base, attempt to bring together a variety of human service resources to assist disadvantaged youths.

than those who complete high school. These data, coupled with the seemingly intractable unemployment rates for large proportions of young people, especially minorities (40-60 percent are unemployed in some cities), underscore the need for more comprehensive approaches to education.

#### D. Implications for Reorganization and Related Services

These developments bear on the way education should be organized. Restructuring Federal programs, whether into a new department or within DHEW, will not, by itself, produce constructive change in the delivery of education and related programs. The Federal organizational structure can be important, however, in orienting education toward some concerns rather than others and in determining the level and visibility of Federal leadership in education.

As in State and local governments, Federal education programs are separated in policy and practice from human services programs. Consequently, the two types of programs are not well coordinated and the development of comprehensive approaches which reach out to families and communities is not fostered. Moreover, Federal education programs are often criticized as burdensome with respect to the volume and detail of program requirements imposed on State and local governments.

The Education Division\* in DHEW is currently the focal point of Federal education programs. Its internal organizational structure is confused and contradictory. Responsibility, authority and accountability for programs within the Division are unclear. There is no single point of leadership: the Commissioner and Assistant Secretary for Education share responsibilities which are legislatively delegated to each of them. The objectives and requirements of many of the programs in the Division are overlapping and burdensome to local administrators. The result is confusing to the public, the Congress, executive agencies, and State and local governments.

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\*The Education Division consists of (1) the Office of the Assistant Secretary for Education, which expends approximately \$35 million annually, and is responsible for the National Center for Education Statistics, the Fund for the Improvement of Postsecondary Education, the Federal Interagency Committee on Education, and the new Institute for Museum Services; (2) the National Institute of Education, which provides leadership and support for research and development and spends approximately \$90 million annually; and (3) the U.S. Office of Education, the largest and oldest office in the Division, which administers 130 programs costing approximately \$10 billion each year.

In view of the challenges facing education, the Federal structure for education-related programs should (1) facilitate broader approaches to education; (2) encourage interaction among related social programs; (3) encourage a reassessment of the proper roles of Federal, State and local governments with a view toward reducing unwarranted Federal requirements; and (4) provide a base from which forceful and clear Federal leadership in education can be exercised.

## II. ALTERNATIVES

### A. Descriptions of Alternative Structures

We have examined three basic alternative structures for organizing education and related programs:

- . A narrowly based Department of Education.
- . A broadly based Department including education and other human development activities.
- . A strengthened Education Division within DHEW.

#### 1. A Narrowly Based Department of Education

The primary mission of this new department would be to continue the current priorities of DHEW's Education Division - especially the focus on advancement of equal educational opportunity - with, perhaps, some movement toward general financial assistance to education. The new department would be based on the Education Division now in DHEW, but might also encompass some other programs closely associated with educational institutions. Preliminary analysis suggests that the most effective combination would include:

- . Certain curriculum, institutional development and educational technology programs of the National Science Foundation.
- . Nutrition education from the Food and Nutrition Service of the Department of Agriculture.

- . Education-related activities of the Office of Civil Rights in DHEW.
- . Selected postsecondary student assistance programs.\*

2. A Broadly Based Department Including Education and Other Human Development Activities

This new department would have a substantially broader mission than the first alternative. In general, it would seek to enable individuals to use and shape better the opportunities society offers. It would foster a comprehensive state and local service network involving families, schools, and other private and public community institutions to help individuals reach their potential for personal competence, self-sufficiency and productive work. The linkages among programs which serve the special needs of disadvantaged populations (e.g., the handicapped, delinquent and unemployed youths, and the elderly) would be emphasized.

In addition to the programs suggested for consolidation in the first alternative, the following are candidates for inclusion:

- . The Office of Human Development Services (DHEW).\*\*

\*The Department of Education proposed in the "Ribicoff bill" (S.991), includes the programs just listed plus: Head Start and day care programs, child nutrition programs, the National Endowments for the Arts and Humanities, Indian education, "special federally-supported institutions." college housing loans, public broadcasting programs, the Department of Defense Dependents Schools, and the Department of Agriculture Graduate School. Our analysis suggests that the addition of these programs would not be beneficial unless other human development services were also included, as in our second alternative, a broadly based department. See Appendix C for a summary of this analysis.

\*\*The Office of Human Development Services administers DHEW's social services programs. There are 31 formula and project grants programs located in the Office, including the \$2.5 billion Title XX social services program, vocational rehabilitation, older Americans services, and Head Start programs. Several special advocacy offices are also located in the Office.

- . Community and school based nutrition (Department of Agriculture).
- . Indian schools (Interior Department).
- . Institutional training programs primarily aimed at structural causes of unemployment (e.g., Title III of CETA, Department of Labor).
- . Juvenile delinquency prevention programs (Department of Justice).

This list of programs is illustrative. Approximately one-third of the budget of the broadly based department would come from outside DHEW. Other programs might be included -- some categorical health services programs in DHEW, the Arts and Humanities Endowments and the Community Services Administration programs, for example.

The programs that would be transferred to a broadly based department include approximately half the programs that comprise DHEW. These account, however, for only 12 percent of the DHEW budget. If most of the education and social services programs just mentioned were transferred, what is now DHEW would become essentially a department of "income and health security," administering mainly social security, income assistance and health financing programs. Income security programs from other agencies could logically be consolidated within such a department.\*

### 3. A Strengthened Education Division within DHEW

The mission of a strengthened and perhaps elevated Education Division within DHEW would be to continue the current Federal focus on promoting equal educational opportunities by providing assistance to special populations either directly or through educational institutions. Maintaining Education in DHEW would preserve possibilities for developing relationships among education, social services, health and income security programs.

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\*A fuller discussion of issues and questions relating to this broadly based structural alternative is included in Appendix B.

Several steps might be taken to strengthen the leadership of educational programs within DHEW. The first would consolidate the positions of the Commissioner and Assistant Secretary of Education. A second would elevate the consolidated position to a higher level, such as Under Secretary, with increased authority for planning, budget and management. A third would foster coordination of interdepartmental education policy development and program implementation increasing the authority of the Federal Inter-agency Committee on Education.

A strengthened Education Division within DHEW might add a limited number of programs which are closely related to its current functions, including:

- . Some postsecondary student assistance programs.
- . Certain educational activities of the National Science Foundation.
- . Nutrition education from the Food and Nutrition Service of the Department of Agriculture.

The relative size of these three structural options is indicated in the budget and personnel data presented in Table 1.

#### C. Criteria for Evaluating Alternative Structures

The relative desirability of each of the three alternative structures should be assessed, we believe, in terms of the likelihood that it meets three main standards:

1. Improving the Federal government's capacity to develop and implement effective education policies,  
by:
  - . Fostering significant and effective changes in educational policies and their implementation.

- . Providing a context for decision-making in which trade-offs among related policies and approaches to program implementation can be taken into account.
  - . Enhancing the ability of key decision-makers to achieve greater coordination among related programs.
  - . Reducing the number of issues and conflicts the President must resolve directly.
  - . Minimizing unwarranted program restrictions and administrative costs imposed on state, local and private agencies.
2. Consistency with overall reorganization of government
- . Not undermining the effectiveness of existing organizations.
  - . Permitting constructive reorganization in related areas, such as human services and local economic development.
3. Political feasibility and responsiveness to your campaign positions, measured in terms of the positions of:
- . Members of Congress.
  - . Interest groups.
  - . Executive agency staffs.
  - . The public.

We do not employ one criterion often suggested. Both opponents and advocates of a new department often argue that it would increase the level of funding for education. Our analysis suggests, however, that Cabinet status would not, in itself, affect the rate of budget growth. In addition, we found that



education budgets have not suffered, relative to other social programs, from their location within DHEW.\*

## B. Evaluation of Alternative Structures

The discussion of the three structural alternatives that follows\*\* emphasizes the differences in the way they measure up to the criteria just described. It is important to note, however, that each of the three alternatives shares two characteristics: each would probably produce better administrative leadership of programs than the current situation, and none, by itself, would reduce significantly the levels of program restrictions or administrative burdens imposed on state, local and private agencies. Part of our second phase analysis will propose means of reducing those burdens.

The major comparative advantages and disadvantages of each of the three alternative structures are as follows:

\*An examination of the budgetary growth of the most recently established Cabinet Departments (Transportation and Housing and Urban Development) suggests that Cabinet status does not seem to affect the rates of increases in those programs relative to the rest of the domestic budget. Education groups often argue that the education budget has been constrained because DHEW spending is dominated by "uncontrollable" programs, and because funds that might otherwise go to education are "traded off" to health and welfare priorities. Our analysis shows that controllable programs in DHEW - including education - have grown faster in the past 10 years than other controllable domestic programs in departments with smaller proportions of "uncontrollable expenditures." It is difficult to pinpoint the reasons for this budgetary success, but the explanations include the backing of the education budget by the "DHEW coalition" and the resultant congressional support, and budgetary process in DHEW and the Office of Management and Budget.

\*\*A more detailed evaluation of the structural alternatives is included in Appendix A.

# 1. A Narrowly Based Department of Education

## Advantages

- Provides full-time Cabinet-level leadership to education and thus increases the likelihood that educational issues will become more visible and comprehensible to the public, the Congress and the President.
- Responds to your campaign pledge to establish a new Department.
- Satisfies, more directly than does any other option, the demands of many of the largest groups representing elementary and secondary education, particularly the NEA.
- Allows the Secretary of "Health and Welfare" to focus somewhat more on policy development and coordination of health, income security and human development services programs.

## Disadvantages

- Creates the environment in which (a) present educational policies and practices are least likely to be questioned, (b) linkages between education and other human development services are least likely to be considered, and (c) incentives for fostering fundamental changes in education are lowest.
- Increases the number of Cabinet-level departments and raises expectations of other constituencies (e.g., health and environmental interests) that constituency-based departments are an appropriate direction for reorganization to take.
- Is opposed (though not intensely) by most higher education and child advocacy groups, by labor, and by some business and civil rights groups.

- . Reduces opportunities for coordination with education-related and social service programs outside the Department of Education.
- . Increases the number of issues that would have to be resolved at the Presidential level, especially those related to demands for substantially increased funding for existing education programs and for general aid to public schools.

2. A Broadly Based Department Including Education and Other Human Development Activities

Advantages

- . Improves opportunities for greater coordination among education and other human development services programs with respect to both policy and program implementation.
- . Encompasses a broad range of approaches to service delivery and of professional and client constituencies. Would encourage rethinking of current priorities, facilitate interprogram comparisons, and promote more flexible and comprehensive approaches to meeting educational and closely related human needs.
- . Permits greater emphasis on preschool, postsecondary, lifelong and nonschool learning.
- . Simplifies the tasks of management and policy leadership with respect to both education and human development programs on the one hand, and those DHEW programs (primarily income security and health financing) not included in the new department on the other.
- . Increases, relative to the present situation, the visibility of education and social services issues.
- . Responds more directly than any other alternative to your campaign pledge to create a new department which "would consolidate the grant programs, job training, early childhood education, literacy training, and many other functions scattered throughout the government."

### Disadvantages

- . Would generate little political backing and much opposition at this time. Support for this proposal could not be expected until after extensive consultations with Members of Congress and interest groups and the development of a detailed proposal reflecting their concerns. Even then, strong opposition can be expected from some groups (e.g., organized labor) if their programs (e.g., training) were included.
  - . Results in realignment and temporary disruption of the greatest number of agencies and programs.
  - . Reduces the likelihood of effective linkages with income assistance and health financing programs that are now possible through DHEW.
  - . Expands the number of Cabinet departments and increases the number of education and social service issues likely to come before the President (unless some independent agencies are consolidated within this new department).
3. A Strengthened Education Division within DHEW.

### Advantages

- . Enhances the capacity of the Education Division through overdue and clearly workable management improvements.
- . Maintains the opportunity to coordinate education with health, income and social service programs within DHEW. (Many of the central components of a broadly based department are now part of DHEW).
- . Avoids increasing the number of agencies that report directly to the President, and encourages priority setting between major functions at the department level.
- . Involves least disruption of existing organizations.

### Disadvantages

- . Disappoints and antagonizes the NEA and other elementary and secondary education groups that strongly support Cabinet-level status for education.
- . Retains within one department the substantial diversity of programs that now place heavy coordination and policy development demands on the Secretary of DHEW.
- . Reduces the likelihood of cross-division reorganization within DHEW (e.g., consolidating education and human development services) if the status and authority of the chief education officer, vis-a-vis the Secretary, were increased.

### C. Overall Conclusions

In terms of most of the criteria employed in this analysis, a narrowly based Department of Education is the least attractive alternative. Most importantly, a narrowly based Department of Education would be substantially less likely than the other alternatives to foster a comprehensive approach to problems associated with education, to increase coordination with related programs, or to induce changes in the delivery of education and related services. The two strongest arguments that can be made for such a Department are that (1) it would increase the visibility and clarity of issues that educators see as important, and (2) it has the enthusiastic support of the NEA, other elementary and secondary interest groups, and a number of Members of Congress, most of whom see this option as a fulfillment of your campaign pledge. In fact, however, your campaign statements indicate support for the creation of a broadly based department which would include "education, training, child development and a number of related programs.

A broadly based department including education and other human development activities seems promising as the alternative best suited for developing comprehensive approaches to the challenges associated with education. Not only would it increase the visibility and priority given to education and human development issues, but the development of a broad department would provide a context for improvements in the linkages between these programs. No one constituency or

program area would dominate such a department. It is also most responsive to your campaign pledge. But a legislative proposal to create a broadly based department would enlist little support and much opposition now, and there is no guarantee this situation will be different even after many months of consultation and redesign.

The Education Division should be restructured whether it remains in DHEW or not. Rationalizing the organization of the Education Division by establishing a single point of leadership and direction would improve the coherence and delivery of Federal education programs. Strengthening the Federal Interagency Committee on Education could diminish some of the coordination problems. These steps are consistent in logic with any of the three alternatives. However, any internal reorganization proposal will have to be reviewed in terms of the political signals that might result.

While organizational consolidation of education and human development services within DHEW has some appeal conceptually, the transfer of many programs from other departments may prove too burdensome for effective leadership. Also, the education groups would view this as a further submerging of education programs from public visibility and attention.

### III. OPTIONS FOR ACTION

The options for action at this time range from announcing your support for a narrowly based Department of Education to explicitly rejecting such a Department and announcing steps to strengthen the Education Division of DHEW.

#### A. Option I - Announce Support for a (Narrowly Based) Department of Education

Your announcement would:

- Emphasize the desirability of giving greater status and attention to the needs of education and the role of Federal policy.
- Note that this action fulfills your campaign pledge.
- Describe the core of the new department as those programs and activities now within DHEW's Division of Education.

- . Indicate that other education-related programs will be consolidated within the new department and that a detailed proposal will be submitted to the Congress in January or February to coincide with the anticipated Ribicoff hearings.

B. Option II - Indicate Preference for a new Department Including Education and Other Human Development Activities

Your announcement would either:

- (A) Reaffirm your campaign pledge to a broad department and direct the Reorganization staff, together with DHEW and the Domestic Policy Staff, to develop a full proposal after extensive consultation with interested groups and Members of Congress, or
- (B) Defer a final decision on the three structural options but note that the broad department seems very promising in view of the challenges associated with education, and direct the fuller development of the options with the benefits of a full public and congressional debate.

In either case you would authorize Secretary Califano, working closely with the Reorganization staff, to take some immediate steps to strengthen the Education Division in DHEW.

C. Option III - Retain Education within DHEW

Your statement would:

- . Describe the immediate steps that will be taken to strengthen the capacity of the Education Division within DHEW to carry out Federal education responsibilities. Such steps would include:
  1. Establishing the position of one chief education officer with unambiguous authority for education policy development and program implementation.

2. Strengthening the staff of the chief education officer to improve planning, evaluation and budgeting of education programs.
  3. Increasing the authority of the Federal Interagency Committee on Education, under the leadership of the Secretary of DHEW, to coordinate education-related programs.
  4. Streamlining the structure of specific groups of activities within the Office of Education.
- . Indicate that the creation of a separate Department of Education would not be desirable, primarily because it would impede the development of important linkages among health, income, social services and education programs as they affect children and their families.

#### Recommendation

We favor Option II.B. We believe that the potential benefits of a new department in which education and related services are effectively joined are large. Our reservation about announcing such a department now is based on our judgment that more time is needed both for further development of the programmatic details and more extensive public consultation.

We believe that Option I is least attractive. A narrow department is likely to increase the insulation of education. Moreover, we doubt that such a department could be broadened later. The child and family-oriented groups who oppose the narrow department now are not likely to be persuaded to join later, if its dominance by elementary and secondary constituency groups is established.



Table 1

FY 1978 Budget and Personnel  
Estimates for Three Alternative Structures  
(Obligations; Dollar Amounts in Millions)

	<u>Budget</u>	<u>Personnel</u>
<b>1. <u>A Narrowly Based Department of Education</u></b>		
Education Division	\$ 9,600	4,000
NSF Education Directorate	20	40
Student Aid Programs	155	200
Nutrition Education - FNS	1/	1/
Office of Civil Rights	20	650
	<u>\$ 9,795</u>	<u>4,890</u>
<b>2. <u>A Broadly Based Department Including Education and Other Human Development Activities</u></b>		
<b>A. <u>Likely Candidates</u></b>		
Indian Schools	\$ 200	6,500
Justice Youth Delinquency Prevention	30 <sup>2/</sup>	35
Education Division	9,600	4,000
Office of Human Development Services	4,700	1,800
Office of Civil Rights	20	650
Food and Nutrition Service <sup>3/</sup> (includes nutrition education)	3,360	750
CETA Institutional Training	1,850	600
NSF Education Directorate	20	40
Student Aid Programs	155	200
Subtotal	<u>\$19,955</u>	<u>14,575</u>
<b>B. <u>Tentative Candidates</u></b>		
ACTION Older Volunteers	\$ 60	50
DHEW Health Services	1,600	500
CSA Community Action	380	700
Arts and Humanities Endowments	223	270
Subtotal	<u>\$ 2,263</u>	<u>1,520</u>
TOTAL	<u>\$22,218</u>	<u>16,095</u>
<b>3. <u>A Strengthened Division Within DHEW</u></b>		
Education Division	\$ 9,600	4,000
NSF Education Directorate	20	40
Nutrition Education - FNS	1/	1/
Student Aid Programs	155	200
	<u>\$ 9,775</u>	<u>4,240</u>

- <sup>1/</sup> Small amounts in 1977. However, the conference report on H.R. 1139 establishes \$27.5 million program for FY 1978.
- <sup>2/</sup> Excludes parts of block grant used for this purpose.
- <sup>3/</sup> Excludes Food Stamps program.



## APPENDIX A

### ANALYSIS OF THE STRUCTURAL OPTIONS FOR REORGANIZATION

#### Table of Contents

	<u>Page</u>
I. Introduction	1.
II. Criteria for Evaluating Alternative Structures	2.
III. Evaluation of Alternative Structures	3.
Objective 1 - Foster Innovation	4.
Objective 2 - Trade-Off Alternative Decisions	9.
Objective 3 - Achieve Greater Coordination	11.
Objective 4 - Reduce Issues President Resolves	14.
Objective 5 - Reduce Program Restrictions	17.
Objective 6 - Consistency with Reorganization	20.
Objective 7 - Do Not Undermine Existing Organizations	22.
Objective 8 - Campaign Commitment	24.
Objective 9 - Sufficient Political Support	24.
IV. Increased Visibility and Funding Arguments	30.

## ANALYSIS OF THE STRUCTURAL OPTIONS FOR REORGANIZATION

I. INTRODUCTION

This Appendix examines the consequences of three approaches to restructuring Federal programs related to education. These are:

- A. A separate Department of Education,
- B. A broadly based department, including education and human development activities, and
- C. A strengthened Education Division within the Department of Health, Education and Welfare (DHEW).

The relative desirability of each alternative was assessed by examining the extent to which it met eight criteria that may be grouped into three general categories:

- A. Policy development and implementation,
- B. Effects on other agencies and on current and potential reorganizations, and
- C. Political considerations.

The examination of these alternative structures is based on our assumption that the organization and administration of Federal education-related programs should be improved. The divided responsibility and resulting duplication of effort and conflict within the Education Division of DHEW should not continue. Advocates for a new department of education share this view and maintain that a new department is the best alternative because it would increase the visibility of education programs and result in increased Federal funding.

Increased visibility is crucially important. It is first assessed in Objective 1 below in terms of the ability of the different structures to foster change in educational policy. In Objective 4, its value in raising issues to the President is discussed. Finally, other issues related to visibility are discussed in Part IV.

The funding issue is different because an analysis of the political and budget process demonstrates that structural change has no impact on the level of funding. One cannot therefore differentiate the alternative structures on this basis. The funding issue is discussed separately in Part IV.

This Appendix is divided into three parts:

1. A listing of the eight criteria;
2. An evaluation of the three structural alternatives in light of each criteria, and
3. A discussion of the effect or reorganization on increasing the visibility or funding of education programs.

The education study has drawn extensively from the staffs of the President's Reorganization Project, the Office of Management and Budget divisions, a number of Federal agencies and private researchers. Representatives of the Offices of the Secretary of HEW and the Vice President and the Domestic Policy Staff have been involved on a regular basis since the study's inception. Over 100 interest groups and a number of State and local officials have been consulted, and dozens of position papers from these groups have been reviewed.

## II. Criteria for Evaluating Alternative Structures

The study team has evaluated the three alternative structures according to their likelihood of achieving the following objectives:

- A. Improvement of the Federal government's capacity to develop and implement effective creative education policies.

Structures are desirable to the extent they:

1. Foster significant and effective changes in educational policies and their implementation.
2. Provide a context for decision-making in which trade-offs, alternative policies and approaches to program implementation can be taken into account.
3. Enhance the ability of key decision-makers to achieve greater policy coherence and program coordination.

4. Reduce the number of issues and conflicts the President must resolve directly.
5. Minimize program restrictions and administrative costs imposed on state, local and private agencies.

B. Maintained Consistency with the Overall Reorganization of Government

Alternatives are desirable to the extent they:

1. Maintain opportunities for constructive reorganization in related areas such as human services and local economic development.
2. Do not undermine the effectiveness of existing organizations.

C. Responding to the President's Campaign Positions and Appealing to the Political Constituency Groups

Alternatives are desirable to the extent they:

1. Respond to the President's campaign commitments.
2. Possess sufficient political support to ensure legislative approval and successful implementation.

In light of objective 2, the dispositions of the following groups have been examined:

- . Members of Congress
- . Interest groups
- . Executive agency staff
- . The public at large

III. Evaluation of Structural Alternatives

Our discussion of advantages and disadvantages of the three structural alternatives in this section of the paper emphasizes probable differences in outcomes related to the eight criteria. Some differentiation of the alternatives is possible on these eight grounds and will be articulated in each subsection below.

Our conclusion is that a broadly based department encompassing education programs and other human services will best meet the criteria listed. It is not the structural alternative most frequently proposed, however, and political support for it is currently undeveloped. The proposal of this alternative will thus require careful articulation and planning.

The evaluation of the three structural alternatives by the groups of criteria follows.

A. Improvement of the Federal Government's Capacity to Support the Development and Implementation of Effective and Creative Education Policies

Objective 1 - Foster Significant and Effective Changes in Educational Policies and their Implementation

The evidence is clear that the Nation's educational system is performing well below the aspirations of its people. The possibilities for fundamental changes, however, do not seem promising in the present constellation of forces that shape educational policy and program implementation. The common theme that runs through the contemporary literature on public education is that educational institutions -- at all levels of government -- are excessively bureaucratized and generally unresponsive to demands for change.

At least for the last 10 years, the Federal Government has taken on the role of promoting change in schools. It has been most successful where it has acted on moral imperatives, e.g., desegregation and assuring the rights of the handicapped, and in promoting equal opportunities for access to higher education. It has been substantially less successful when the target for change has been the way the learning process is structured or the relationships between schooling and other aspects of human growth and development.

Indeed, one of the clearest examples of Federal success in altering the content of education and the way learning is facilitated occurred because the Federal Government substantially constrained or circumvented the traditional role of schools, as in the case of the Head Start program.

The difficulty in improving education at the local level results from the historical delegation of education to local governments. However, it serves to limit the potential for fostering change by the Federal Government. Given this constraint, there appear to be four general ways that the Federal Government might induce change: (1) it can create financial incentives for local schools to innovate; (2) it can foster research on the success of alternative approaches to education; (3) it can establish regulations and force compliance; and (4) through the ideas generated at the Federal level, the higher education training it supports and the structures it establishes for decision-making, it can encourage the consideration of alternative approaches to learning, especially those that see the schools as one part of the educational process that is inextricably entwined with and dependent on other social institutions and the economy.

The use of these tools for change depend in turn on the preferences and caliber of the leadership of educational programs. The effect of organizational structure on the ability to attract leadership serves as a fifth issue on which to evaluate the increased probability of the Federal Government to foster change in education.

A discussion of these five approaches for stimulating change in educational policies follows.

The first strategy, creating financial incentives for local schools to innovate, has not thus far been very successful but it has not been well funded. Federally-supported innovations often atrophy once Federal money is withdrawn. Where innovations have worked and have been sustained, it has frequently occurred because the programs implemented were consistent with preexisting state and local preferences. Although each of the three structural options seems equally capable of supporting this approach, it may be that the range of alternatives considered eligible for such



incentive funding would be narrowest in a separate Department of Education whose staff has come predominately from careers in public schools, whose best organized constituencies are the producers of existing services, and which does not operate in a setting where a comprehensive approach to human development is the organizational ideology.

Second, the research-feedback/information strategy will increase in its impact as the technical and sociological sophistication of researchers increases and as key decision-makers gain the skills to make use of research findings. While the reorganization of educational research and development activities will enhance the effectiveness of this approach to change, such reorganization would be possible with any of the three alternative structures. None of the three structural options seems to be an appropriate vehicle for solidating "basic research" such as that promoted by the National Science Foundation. Such an approach, however, does not appear necessary or appropriate.

The third approach to change involves the use of regulation to shape educational processes, as in the case of guaranteeing the rights of the handicapped or requiring parent councils in Title I programs. This strategy has met with some success and is often necessary and effective where issues such as civil rights are involved, although it is essentially a negative strategy which strains intergovernmental relations and establishes rules which may not be appropriate to local situations. In the case of the handicapped, it has served to increase services, but these are usually special services or classes outside of the traditional classroom, and has not thus changed classroom instruction. Each of the structural alternatives would seem equally capable of employing this approach, although there would be fewer potential levels of clearance of proposed regulations in a separate, narrowly based department and fewer in a broad department than in a strengthened Education Division within DHEW. Since whether

all potential levels of clearance are required depends on many factors other than structure, differentiation among the alternatives in this regard seems inconclusive. On the other hand, taking programs for the handicapped specifically, one would think that the opportunity for coordinating Office of Education regulations with Title XX and Developmentally Disabled regulations to maximize innovations would be greater in a broadly based department.

The fourth strategy for inducing change, encouraging alternative approaches to learning, is clearly best executed in a Cabinet-level department that reaches beyond the scope of a Department of Education. If changes in thinking, training and program development are to be achieved, then diverse approaches to human development should be brought under the same roof. No one constituency or way of approaching the problem of facilitating learning should be allowed to dominate policy making. If one does not have a proven technology for delivering a given service and if the objectives sought are diffuse and multiple, it is important to maintain diversity in models of service delivery. This should induce some competition so that program personnel and policy makers can identify the best aspects of the alternatives and the agencies involved can be responsive to variations in objectives among those to whom they are responsible.

Fifth, the strength and policy preferences of organizational leadership are important to increasing the probability that significant changes in education policies and their implementation will occur. Several leadership/organizational problems now exist that need improvement.

Critics charge that because DHEW is so complex and diverse, the Secretary cannot develop the knowledge or have the time to provide public leadership on educational matters or to resolve conflict within the Department in a creative way. This limitation is accentuated by the overwhelming size of the health financing and income maintenance budgets which command attention. The same limitation would exist, although to a lesser degree, in a broad department that had responsibility for programs beyond education; it could, of course, be eliminated in a separate Department of Education.

In addition to the leadership constraint at the Secretary level, there is no question that the ambiguity of the distribution of authority and responsibility in the present Division of Education impedes top-level educational leadership and should be resolved. Such leadership should be exercised both in the role of an intellectual preeminence within the education community and of a "spokesperson" or representative for education before the Congress and public. Given clear lines of authority, however, it is difficult to see why an education agency headed by an Assistant or Under Secretary would be any less effective in the first role, that of developing policies and implementing education programs than one headed by a Secretary. He or she would be less effective in the role of spokesperson, however, if the Secretary were unwilling to relinquish or share that role.

The political power of a broader department also offers a stronger potential to be a good spokesperson. On the other hand, it appears that a Secretary of Education would have the strongest and least diffuse base from which to provide public leadership and to give voice to the hopes of groups that now seek to influence educational policy. The broader the scope of human development-related activities a new department would encompass, the less education-specific leadership one might expect and the narrow department would be better by this standard of uniformity of the constituency base. The broad department with an education emphasis would fare better in this regard than DHEW, however.

Thus, the factors that shape leadership effectiveness within the "education community" are somewhat different than those that shape potential for the exercise of the "spokesperson" or representative role. Cabinet status for education would seem to enhance the capacity of the chief education officer to perform the latter function, but in itself, it should have little impact on the former.

While the leader of a narrowly based Department of Education will be in a better position to develop and articulate more forcefully, educational policies than the leadership of the other, it seems improbable that he or she would be strong advocates of basic change. In a narrowly based Department of Education, pressure would be maximized to select leaders from the secondary education establishment, which is both the strongest constituency and the least likely to challenge the fundamental assumptions on which the current educational system is based.

Even if a new emphasis on the integration of social programs were the goal of the leaders of a Cabinet-level Department of Education, the organizational arrangements for bringing about the necessary policy development and administrative linkages would not exist. In short, a narrowly based Department of Education would probably foster the further insulation of educational policies and programs. Thus, increasing the capacity for public leadership and the likelihood that a Cabinet-level official, i.e., the Secretary of Education, will fully understand the complexity of education programs, will not necessarily provide leaders with the same capacity as other structural options to resolve inter-program conflicts, establish priorities below the Presidential level, and bring about a better integration of programs that share the general objective of enhancing the welfare, capacities and opportunities of individuals.

In conclusion, the structural alternatives should be ranked in the following order in terms of their ability to foster change: (1) a broad department; (2) a strengthened division; and (3) a separate Department of Education.

Objective 2 - Provide a Context for Decision-Making in which Trade-Offs among Alternative Policies and Approaches to Program Implementation can be Taken into Account

To improve their performance, members of an organization need (1) an understanding of alternative ways to accomplish their objectives, and (2) opportunities and incentives to change their behavior.

Organizations whose objectives and clients overlap to some extent can often provide each other with different ways of thinking about problem-solving and the motivation to improve because they compete for either support or approval. Organizations benefit from models against which they can compare their performance and from which they can learn. Furthermore, to the degree that one can provide consumers with some choices among services and ways they are delivered, one will improve the targeting of services and induce organizational self-evaluation. Public policies are only as good as the alternatives considered and the opportunities and incentives to implement necessary improvements.

In terms of the issues under consideration here, the goal of organizational design is a structure that brings together programs with related purposes but which is broad enough in scope to (1) encompass alternative approaches and philosophies relating to the facilitation of learning, and (2) assure that no single approach will dominate others which have demonstrated their effectiveness.

This goal is particularly important to the success of education and social service programs. As in the case of most of the problems social services programs address, there is no one best way to meet diverse educational needs. Not enough is known about the effectiveness of different instructional strategies or about the impact of factors outside the classroom which influence the capacity and willingness of individuals to learn. Moreover, objectives for educational programs are often multiple and diffuse. These characteristics mean that organizational arrangements should foster program diversity and flexibility as well as recurrent assessments of performance and continuous reexamination of alternative ways to achieve broad goals.

Clearly, this criterion is met best by a new department encompassing a broad range of programs that seek to enhance the capacity for personal growth. Second, a more effectively interrelated Department of HEW would come closer to achieving the dynamic qualities being sought here than a Department of Education of limited scope.

Objective 3 - Enhance the Ability of Key Decision-Makers to Achieve Greater Policy Coherence and Program Coordination

Greater policy coherence and program coordination is necessary in education programs for three reasons. First, a vast number of Federal programs are "education-related." Even using a limited definition, we have identified more than 260 such programs within the Federal government. Although it is not necessary that all these programs be linked formally to one another, increased coordination would enhance the efficiency, effectiveness and equity of the programs and reduce the confusion and overlap of which State and local officials often complain.

Second, because there is no one best way to foster learning--even for a given type of student--diversity in educational techniques is necessary. It insures competing approaches to learning that stimulate other ideas. Programs must still have some independence, however, even though cross-fertilization is desired.

Third, the success of educational programs often depends, especially for those people who are the primary targets of most Federal programs, on a number of social, economic and family factors that shape one's capacity and opportunities for learning. Solutions to the problems manifested in the classroom frequently are beyond the conventional expertise and resources of educators. For example, the following services can greatly enhance the capacity of particular students: mental health, medical care and nutrition; family counseling; home and community environment supports; income security; and physically and mentally handicapped supports.

Increased coordination is necessary to meet these needs. It is attainable only over time and only in two circumstances: (1) where the personal and program objectives of those who are to coordinate are both nonconflicting and interdependent; and (2) where organizational sanctions can be invoked for noncooperation. Thus, the Federal Coordinating Committee on Science, Engineering and Technology (FCCSET), where most participants share similar values and the committee chairman is the President's White House Advisor on Science, seems to work well. On the other hand, the Federal Interagency Committee on Education (FICE), which includes a number of

agencies with different missions and commitments and is chaired by a subcabinet officer from whom coordination is also expected, is generally judged to be ineffective.

As the FICE demonstrates, coordination of education-related programs located in different departments will probably prove very difficult. It is more likely to result from policies that are coherent and well designed--one outcome of effective leadership. The leadership could be provided in any of the three structural alternatives proposed, and the coordination issues thus dissolve into which alternative allows the leader to exercise the most influence for (1) interdepartmental and (2) intradepartmental coordination.

Some advocates of a separate department argue that a Cabinet-level Secretary would be more able to promote interdepartmental coordination than would a subcabinet officer, using FICE as an example. This argument ignores the other problem of the coordinator being a peer of those expected to cooperate. The coordinator must enjoy greater institutional or political power than the other members of the group to secure their attention. The Secretary of DHEW would be in a stronger position to serve as coordinator of FICE than would a Secretary of Education. The leader of a broadly based department encompassing education and other human development programs would fall between the DHEW and Education Secretary in the amount of influence he or she might have in interdepartmental matters, and thus could fulfill better the objective of enhancing interdepartmental coordination than could the Education Secretary. Beyond these relative judgments, however, the experience across government in enhancing interdepartmental coordination is very poor, probably because of the competition among departments for Congressional funding and Presidential attention and the immense size of a Department's charge. The hope for greater interdepartmental cooperation is thus often a naive one.

Intradepartmental program coordination is a more realistic objective. The narrower the range of programs in a department, the greater the chances for internal coordination. Hence, if one were to

determine that it is substantially more important to coordinate programs that would be within a department focused on education than it is to coordinate such programs with those that would be within either DHEW or a broadly based department, a Department of Education has coordinative advantages.

The value of this coordination among a smaller number of education programs in a separate department depends, however, on one's conception of the nature of the problems of education programs and the ways with which they might be dealt. A broad department would complicate, but not preclude, intraprogram coordination but at the same time offer a potentially broader perspective on solving the education problem. If interdepartmental coordination is not a realistic objective, one must then weigh better vertical coordination in a separate department or division against the opportunity for a broader perspective in a broad department.

Preferring the broader view of education and its current needs, the education study team believes that a broadly based department offers by far the best opportunity to improve program effectiveness through intradepartmental coordination because it would encompass the greatest number of education-related activities. The DHEW option also provides this opportunity to improve coordination among a broad range of health, welfare, education and human development programs. While this capability has not been utilized effectively in the past, the structure does allow it, and the current Secretary has instituted several mechanisms to achieve increased intra-DHEW coordination. However, the diversity and size of DHEW increases the complexity of inter-bureau coordination and limits the number of agencies that could be added to the Department. The broadly based department would be dramatically smaller than HEW and would offer some hope of using the coordination capability HEW should have.

In summary, a narrowly based Department of Education is the option least likely to increase coordination among programs in different departments



because of its narrow base and the difficulty of achieving coordination across departmental lines. A broadly based department would be most likely to foster effective inter-program linkages because (a) it would encompass most of the programs relating to education now within DHEW, (b) education would receive greater attention at the Secretarial level than is now possible, and (c) such a department is the most likely locus of further consolidations.

Objective 4 - Reduce the Number of Issues and Conflicts the President Must Resolve Directly.

In our view, conflict over scarce resources and among program objectives should be resolved as much as possible below the Presidential level. One reason for this, of course, is that the President's time is extraordinarily valuable. Another is that neither he nor his staff has the expertise of program managers in specific areas. The resolution of issues at higher levels of an organization tends to take the form of generalization and compromise that results in a loss of flexibility at lower levels. Moreover, if it is difficult to get access to the President to initiate a policy, it is even harder to secure access to undo that policy. Finally, frequent Presidential involvement may reduce the incentives program managers have to initiate interprogram coordination and communication. Cabinet Secretaries would similarly lose their incentives for voluntary coordination.

We have thus rated the structural alternatives as more preferable to the extent to which they reduce the number of issues and conflicts the President must resolve directly.

In our discussion of this objective, we look at (1) the benefits of visibility in putting educational issues before the President, and (2) the impact that Cabinet status is likely to have on the actions taken on educational issues.

Benefits of visibility in putting educational issues before the President

A major assumption made by the advocates of a narrowly based Department of Education is that

Cabinet status would mean that education issues could be brought to the Presidential level--and probably to the Congress--more directly and forcefully than is now the case. There is little doubt that this assumption is correct, at least with respect to the frequency and scope of the issues raised.

For example, a Secretary of Education would be more likely than the Secretary of DHEW or, for that matter, the Secretary of a broadly based department, to bring to the President the issue of substantial general financial assistance to schools. In HEW, or a broadly based department, such an issue raised by the education division office must compete with other issues for priority and therefore would be less likely to be proposed to the President. The broadly based department would, however, likely raise more education issues to the President than DHEW, because education would have to compete for attention against a smaller number of programs. On this aspect, then, of the visibility issue, the narrow department would get some Presidential attention to education more frequently.

The likelihood that Cabinet status would result in a greater number of education-related issues coming before the President is seen here, however, as a shortcoming of the proposal to establish a new department for the reasons specified above. From a management objective point of view, a President would prefer that fewer issues on any subject reach his desk and that he be free to pick and choose issues for his attention that are of overwhelming importance.

#### Consequences of Cabinet status for the priority given to educational issues

We have said that Cabinet status probably would bring greater attention to educational issues. But, this does not necessarily mean that increased visibility will result in new priorities being given to educational problems, i.e., that changes in policy will be effected.

Historically it seems that issues of considerable national concern have received Presidential attention and direction regardless of Cabinet status. For example, during the Johnson Administration, the Commissioner of Education consulted frequently with the President, and substantial new directions in education policy were taken. Similarly, the health care financing and welfare reform initiatives of President Carter are the products of subdepartment teams, not of separate departments, but are focal points of domestic policy making just the same. Conversely, the impoundment of housing rehabilitation funds by President Nixon occurred even though the Secretary of Housing and Urban Development sat at the Cabinet table.

Cabinet Secretaries and the issues they champion compete for the President's attention and support. In the Cabinet, all secretaries are nominal equals. But the Secretary of DHEW is the Cabinet officer on whom most Presidents have been most dependent with respect to domestic policy. To the extent that the Secretary of HEW pushes educational issues, he or she is more likely to convince the President and/or the Congress that action should be taken. Should a Secretary of Health and Welfare be competing with a Secretary of Education for presidential approval of programs, the former might have the stronger position from which to request support. Thus, assuring that educational issues will reach the President's attention does not mean that they will receive favorable action.

Cabinet status invariably has come about because of substantial political demands and/or presidential commitment to resolve problems that were seen to be reaching crisis importance. The Creation of the Department of Energy in 1977, the Department of Housing and Urban Development (HUD) in 1965, and the Department of Transportation in 1968 are the best examples. We have attempted to examine the impact of Cabinet status on other program areas for some clues about whether separate department status, in itself, increases the salience of the issues presented to the President and to the Congress. One measure of a program

area's importance over time is the level of funding it receives. Thus, we examined the portions of the Federal domestic budget received by the two most recently created departments (HUD and the Department of Transportation) before and after their attainment of Cabinet status.

We found little reason to believe that Cabinet status accelerates and sustains new levels of Federal funding to deal with specific areas. Our preliminary analysis suggests that the political environment and the personal preferences of the President and congressional leaders, rather than Cabinet or separate organizational status, are the determinants of the government's responsiveness to important policy issues.

However, to the extent that the President himself wants to address and resolve issues that have been identified by educators (and that would not be "elevated" to him with the other structural options) he should endorse an Education Department. This would mean that conflicts among agencies that might have been resolved at the departmental level would be the President's to decide.

In conclusion, the assumption that greater visibility flowing from a separate Department of Education would result in more education initiatives or in increased funding for education seems weakly grounded. A relatively smaller department in competition with the residual department of health and welfare may fare worse than the autonomous Education Division backed by the Secretary of HEW. It might also use more of a President's time which would frustrate our objective of reorganization and could lead to less informed policy setting. Finally, it does not seem likely that a separate department would obtain more funding than could either of the other structural alternatives.

#### Objective 5 - Minimize Program Restrictions and Administrative Costs Imposed on State, Local and Private Agencies

State, local and private agencies frequently complain of excessive restrictions and duplicative

paperwork that result from varying restriction of different Federal education programs. One might hope that some of this workload could be reduced by reorganization.

The number of program restrictions, constraints and administrative costs are much more responsive to the quantity of programs, their type, and the ancillary objectives they are also expected to serve, however, than to the way education is organized within the Federal government. Therefore, the effects of organization per se appear to be limited.

Federal constraints--while treated here as undesirable--need to be evaluated one by one. A presumption against regulation should be balanced against the perceived need at the Federal level to shape the character of State and local programs. Other things being equal, impositions on State, local and private agencies should be minimized. But, "other things" are seldom equal. A primary reason why the Federal government is involved in education is that it is seeking to redress the unwillingness of education agencies to respond imaginatively, equitably, and effectively to the needs of individuals, particularly the disadvantaged. Federal regulations are often the substance of policy and not simply administrative mandates.

In some ways, a strengthened Education Division could result in a reduction in program restrictions, constraints and administrative costs. Presently, a large number of offices, operating at each of at least four administrative levels, participate in the construction of program guidelines and regulations. For example, a typical Office of Education program must now be cleared by the program's director, the Commissioner (and his staff offices), the Assistant Secretary (and her staff offices), and the Secretary of DHEW and his staff offices. This protracted clearance process and the multiple interests involved in policy development lead to complexity in the construction of program guidelines and regulation. A unified Education Division would reduce the

number of clearances required and thus might reduce somewhat the imposition of program restrictions, constraints and administrative costs. However, because the Education Division would remain within DHEW, it would continue to be subject to the overall guidelines and regulations of the Department. Reduction due to leadership unification, therefore, would probably not be appreciable.

A Department of Education would result in some reduction of program restrictions, constraints and administrative costs. Most importantly, a Department of Education would be more likely than the other options to respond to the disposition of State and local education officials. There would be no need to create uniform guidelines and regulations across interest areas. Thus, guidelines and regulations would "fit" educational institutions better and would be fewer in number as well. Second, the department would have the benefits of a more contracted clearance process.

On the other hand, the leaders of a separate Department of Education would be less constrained than is now the case in developing new programs to enhance the attainment of existing goals. New policies and high expectations might generate more programs and with them would come more guidelines and constraints. This would be the case particularly if, as its advocates insist, an Education Department would attract assertive and nationally recognized leaders.

On balance, it is difficult to predict whether the creation of a Department of Education by itself would increase or decrease Federal regulation of education.

A broadly based department encompassing education and human development programs would be characterized by more unified leadership for education and a relatively clearer focus upon the development of the individual than is now the case. Because it would represent the most radical departure from the present organizational form, as compared to other alternatives, it is possible

that there would be a "clean sweep," or at least a penetrating review, of existing restrictions and administrative requirements. This new department could begin with a relatively "clean slate" tempered only by prior legal mandates. However, the department would focus on inter-program coordination at the delivery level and would be likely to seek changes in the character of education. These dispositions could lead to increases in the number of regulations.

In summary, the consequences of reorganization for the impositions placed on State, local and private agencies are not easy to foresee, but on balance they do not appear to be very great. Much more important are the number and purposes of programs and the philosophical stance with respect to Federal direction. The greatest opportunity to reduce unnecessary constraints on costs may be the by-product of the major changes embodied in establishing a broad new department. Such changes may provide the motive and justification for reexamining existing approaches to Federal support of local and State programs.

B. Maintaining Consistency with Overall Reorganization of Government

Objective 6 - Maintain Opportunities for Constructive Reorganization in Related Program Areas such as Human Services and Local Economic Development

This objective acknowledges the fact that key decisions concerning the restructuring of education programs precede the completion of other studies of related program areas by the President's Reorganization Project.

The option which would have the least impact on other reorganization opportunities would be the strengthening of the Division of Education within DHEW. It would not foreclose the consolidation of programs now in DHEW with other programs. Indeed, this option does not preclude the eventual establishment of a separate Cabinet-level Department

of Education. Strengthening the Division and then reorganizing DHEW might lead to some wasted effort and continuing disruption of program activities. A separate department, however, whether broad or narrow in scope, would encompass the entire Division of Education, the reorganization of which is desirable in any case. On the other hand, strengthening the division could increase the costs of altering significantly the interdivisional program relationships in DHEW. If one later wished to consolidate divisions within DHEW, making the chief education officer stronger vis-a-vis the Secretary, this would increase the cost of divisional consolidation.

Creating a narrow Department of Education would foreclose the possibility of consolidating education with other social service and human development programs. Moreover, it would probably generate demands and expectations for separate departmental or independent agency status for health and welfare functions. In other words, establishing a separate Department of Education would foster the expectation that constituency-based departments, i.e., those organized around a particular set of policy interests, will be seen as a legitimate approach to reorganization.

Those activities which would be encompassed by a broad department are linked to a number of agencies. Further consideration of these programs in other reorganization plans obviously would be foreclosed. Also, certain presumptions about the composition of existing and new Cabinet-level departments might be implied. Questions would be raised about the residual Department of Agriculture without the Food and Nutrition Service (and its Forest Service in which the Natural Resources study is interested) as well as the Department of Health, Education and Welfare, particularly its health programs. Observers would possibly interpret the move to a broad department as the signal of a wholesale reorganization of Cabinet-level departments, thus inducing considerable anxiety well before the Reorganization Project was in a position to see its recommendations holistically. This would



induce a defensive posture toward reorganization on the part of most departments and interest groups which see themselves well served by existing structures. For example, organized labor and the Labor Department might be expected to see pension and unemployment insurance programs as vulnerable to consolidation with other income security programs and thus oppose most reorganization proposals in anticipation of some moves that might never be recommended.

One important caveat, however, is that taking some programs out of DHEW would reduce constraints on putting other programs in it. Some wholesale regroupings could be desirable and could make the smaller resulting component parts of DHEW more manageable. This possibility recasts the immediate question from one of whether to create a Department of Education to one of how to divide DHEW. One could also argue that a division could be made in terms of removing income maintenance and other financing programs rather than removing education. Such other division suggests different political fights and opportunities.

A commitment to a broadly based new department could be couched in tentative terms and made contingent on the results of the more comprehensive reorganization studies now underway. This approach would have less negative impact on government-wide reorganization than announcement of a final decision on a broadly based department or a separate Department of Education.

In short, definitive action by the President on a new department, especially a narrowly based Department of Education, will significantly constrain his overall options for restructuring domestic programs.

#### Objective 7 - Do Not Undermine the Effectiveness of Existing Organizations

This concern is the possibility that the shifts in linkages among programs that are possible under each structural option will reduce the overall effectiveness the Federal government achieves through existing organizational arrangements.

Strengthening the Division of Education within DHEW and establishing a narrowly based Department of Education would sever no significant interdependencies between programs that now exist. The latter option, however, would reduce the likelihood of potentially significant coordination and interprogram policy coherence between education and other human development programs now within DHEW. Such linkages are currently being developed and are reflected in several policy planning efforts that cut across DHEW's principal operating units.

A broadly based department encompassing many education and human development programs would involve the most program transfers from one organizational network to another. The four most significant candidates for transfer are training, nutrition and the separation of education and human development programs from what is now DHEW. The first two of these are discussed in Appendix C where we conclude, tentatively, that the losses to the effectiveness of existing programs are minimal and are outweighed by the gains. In this Appendix, the potential gains from improving the linkages between education, social service and other human development programs are stressed.

We have examined the linkages at the policy, planning and administrative levels between social services and income security programs which would remain in DHEW. Despite the fact that these two types of programs serve similar clients, they are not interdependent and approach their missions in very different ways. Recent reorganizations within DHEW, announced by Secretary Califano, have restructured programs along service provision and cash payment lines. A broadly based department dealing with education and human development would have the same effect on most DHEW programs. The allocation of health programs between a brand new department and the programs that would remain in what is now DHEW is left unspecified in our analysis.

C. Responsiveness to Campaign Commitments and Political Feasibility

Objective 8 - Responsiveness to Campaign Commitments

During the 1976 election campaign, President Carter made numerous statements indicating his support for a separate Cabinet-level department that would encompass education. The position most often taken, and the one articulated in his first days in office, was support of a "...Department of Education that would consolidate the grant programs, job training, early childhood education, literacy training, and many other functions scattered throughout the government."

It is clear that a broadly based department including education and human development programs comes closer than the other two options to meeting the President's campaign pledge. It has the breadth and substance he implied would justify a new department. Moreover, other statements during the campaign emphasized the need to improve the quality of education and to extend its benefits to populations now inadequately served. A broad department is more likely to facilitate attaining these objectives than a narrow one focused on formal schooling. A narrowly based Department of Education, however, would be perceived by most groups as fulfillment of the campaign pledge, as it was what the education groups wanted to hear. The third alternative, strengthening the Division of Education in DHEW, would be a decision not to act on the campaign commitment and, hence, would be viewed as a retreat.

Objective 9 - Possess Sufficient Political Support to Ensure Legislative Approval and Successful Implementation

Early in the process, the study team met with the representatives of more than 100 interest groups and received communications from others. We have also met with a number of congressional staffs and administrative officials from a large number of Federal agencies. As the study has approached the end of Phase I, we have repeated meetings with many of these groups and members of Congress.

While some groups, especially the National Education Association (NEA), feel very strongly about a Department of Education, departmental status is not always viewed as a fundamentally critical issue by many of those who are concerned with education problem solving. At the same time, opposition to a narrowly based department is not intense, except that considerable opposition to the inclusion of specified programs in a new department will surface as deliberations on the reorganization of education-related programs proceed.

At this time, it is possible to make a tentative assessment of the degree of political support for the proposed options, particularly among members of Congress and key interest groups.

#### a) The Congress

Support in Congress for an independent department has been aptly described as "a mile wide and an inch deep." House Education and Labor Committee Chairman Carl Perkins has routinely introduced a Department of Education bill for years, but neither he nor most of his committee colleagues seem to feel strongly about it. The major exception is Albert Quie (R.-Minn.), ranking minority member of the committee, who is a strong supporter of a Department of Education which would incorporate the Labor Department's training programs. He opposes a narrow department.

Congressman William Ford (D.-Mich.), Chairman of the Subcommittee on Postsecondary Education, also opposes a narrow department, and Congressman Daniel Flood (D.-Pa.), Chairman of the Subcommittee on Labor/HEW Appropriations opposes any splitting of DHEW. Government Operations Chairman Jack Brooks (D.-Texas) is likely to do nothing until the Administration acts.

Interest is greater in the Senate, where 55 members, including Senators Abraham Ribicoff (Chairman, Government Operations), Claiborne Pell (Chairman, Education, Arts, and Humanities Subcommittee), and Harrison Williams (Chairman, Human Resources) have co-sponsored S.991. Hearings were held in early October. But here, too, enthusiasm does not run deep. Senator Magnuson (Chairman, Labor/DHEW

Appropriations) like his House counterpart, does not favor splitting up HEW. Discussions about specific program and structural options are at an early stage.

The proposal for a broader department encompassing education and other human services programs has not been widely considered. Congressmen Ford and Brademas have responded well to the idea, but they think that it should be proposed in a manner that allows time for constituency-building. Senators Ribicoff and Randolph also seem quite interested and Ribicoff's staff has encouraged consideration of the broader option. As specific candidates for inclusion in a broadly based department are proposed, however, these expressions of support diminish or become qualified. Congressman Brademas, for instance, wants to keep the Arts and Humanities Endowments independent; Senator Talmadge would almost certainly oppose any transfer of Food and Nutrition Service programs. Finally, Head Start has significant backing, and a proposal to move it could evoke strong opposition unless its independence from domination by educators were assured.

Although some of the most influential Congressional leaders on education matters are becoming increasingly interested in the possibilities of a broadly based department that would encompass education and the human development programs, the adamant opposition of organized labor might make it difficult for them, and others, to take a supportive position. Congressman Quie's bill, for example, is widely described as an "anti-labor" bill. Senate Human Resources (and Labor Subcommittee) Chairman Williams and Senate Employment Subcommittee Chairman Gaylord Nelson are firmly opposed to moving the training programs from the Labor Department. The degree of opposition to a new department that includes training, especially from labor groups, would seem to depend on what other program realignments at the Cabinet-level were proposed as complementary moves.

Having speculated about the political feasibility of a new broadly based department that would encompass education and human development programs, one should acknowledge that only an incomplete assessment of Congressional support for or opposition to a broadly based new department is possible until the idea is seen as a reorganization option with considerable support in the Executive Office of the President.

#### b) Interest Groups

Support for the Cabinet-level Department of Education is centered in the "Big Six" education groups (NEA, National School Boards Association, PTA, American Association of School Administrators, Council of Chief State School Officers and the National Association of State Boards of Education), and the Education Commission of the States. This option is also attractive to other education groups who have devoted much less attention to the issue, e.g., the Council for American Private Education. Most higher education groups prefer a fragmented system of support programs. They are concerned about domination of a separate Department of Education by elementary and secondary interests and the possibility that consolidation would reduce their alternatives. The AFT has expressed opposition both to challenge the priorities of their NEA rivals and out of a strategic sense that to put too much emphasis on this issue would displace other, more crucial battles. Organized labor can be expected to support the AFT position, and the AFL-CIO is expected to pass a strong resolution at its upcoming convention opposing a department.

The U.S. Chamber of Commerce opposes a new Department, reflecting what might be the position of business groups. The Chamber asserts that the benefits are outweighed by the reduced coordination among health, welfare and human development programs and by the possibility of increased federalization of education. Civil rights and child advocacy groups are apprehensive that the creation of a new Department will divert attention from the urgency of critical unsolved problems, and would probably oppose a narrow department on these grounds. They also fear that incorporating Head Start will undermine initiatives for

community-based comprehensive child development programs that do or could provide political and social stability and leadership to poor communities.

As indicated, a new broadly based department that includes education and human development programs raises political questions, especially the transfer of some training from the Department of Labor, studiously avoided by most advocates of a separate department. An assessment of possible sources of support is difficult, because this proposal has not been widely discussed and most education groups have concentrated on the question of a narrow department. Among the "Big Six," support could be anticipated from the National Association of State Boards of Education and the National School Boards Association, but other groups feel that a narrow department is more feasible politically. It is difficult to know how supporters of a Department of Education will react to a broader department, should Cabinet-level status for education alone not be possible to attain. It seems likely that most would prefer establishing a broad new department to retaining education within DHEW. The NEA has recently stated that it might support a broad department if it were called a Department of Education. Such a department would certainly have the support of continuing education, life-long learning and vocational education groups. One might expect tepid support from child advocacy groups and critics of current approaches to pre-collegiate education. The Children's Defense Fund has questioned whether the timing is right for a new proposal and cautioned that the groundwork must first be laid. Handicapped groups are interested in this proposal, but aging and social welfare groups seem to prefer the HEW structure.

Several interest groups, including the American Association of University Women and the National University Extension Service, have stated that education would be administered best by a broad department focusing on human development. Clark Kerr of the Carnegie Council and Harold Howe of the Ford Foundation have also endorsed such a proposal.

It appears that greatest opposition to a broadly based new department would come from those who feel that training programs should be administered by the Department of Labor. If such a department included the Arts and Humanities Endowments, opposition might also be expected from cultural groups, who see themselves well served by the Endowments' independent status. Such opposition, however, is by no means unanimous in the arts/culture community. For example, arts and music educators (many of whom are not public school teachers) strongly support the inclusion of arts programs in a broad department to insure the integration of arts into the mainstream of education and other facets of life.

c) Federal Agencies

Almost all agency heads with whom we talked endorse the restructuring of Federal education programs in general, but argue that the virtues of consolidation do not apply to their own programs. Moreover, there is an understandable reluctance of program managers to suggest that the department in which they serve is not responsive to their needs.

This assessment of the political support for different structural options is very tentative. Most generalizations are contingent upon the specific agencies and programs which might be transferred to a new department, as well as the position of each entity within the organizational framework. Moreover, the current alignment of forces--with some notable exceptions--could be subject to change depending upon what option the President endorses.



#### IV. THE INCREASED VISIBILITY AND FUNDING ARGUMENTS

Advocates for a separate Department of Education most frequently argue that Cabinet-level status would bring greater visibility to education issues and increase funding for education program. These two issues require some special discussion.

##### A. Increased Visibility

Structural changes can lead to some form of increased visibility for education issues. The important question is what effect that increased visibility will have.

One anticipated benefit of structural change is that the greater visibility will lead to Presidential action on educational issues. In the discussion of Objective 4 above, it is argued that a place at the Cabinet table for an education Secretary can bring attention to education issues, but cannot assure that the President will take action to change educational policy. The latter result is more a function of the political process than of organizational structure. A larger department has more institutional strength to support its arguments than a smaller one. Thus, while a separate department of education may give more visibility to educational issues, per se, a broadly based department might be more successful in marshalling political strength to foster change in educational policy, as was argued in the discussion of Objective 1.

Structural change might also insure increased national attention to education because it would increase the status of the education spokesperson, which in turn would tend to give that person greater access to the media and greater credibility to the public.

Finally, making a structural change is usually taken to imply an elevation of the subject of the new department as a priority. The change becomes a signal that the President is interested in education. This benefit is difficult to measure but may be an extremely important outcome, at least in the short run. The creation of a narrow department would signal the importance of the education lobby and of existing education policy. Creation of a broadly based department, on the other hand, offers an opportunity to articulate a different conception of education policy--that the Federal roles in providing complementary

education programs and social services are similar, aimed at the same target groups and should be planned together to help schools do their job better. Moreover, a broad department suggests the desirability of more flexible and responsive approaches to fostering learning. If these goals are valued, this signaling opportunity is unique and a broadly based department has a significant advantage.

#### B. Increased Funding

The argument that structural change will increase funding for education is a different one. It should not be a criterion for preferring one structural alternative over another because structural change has no impact on the level of funding.

Many educators are convinced that Cabinet status will result in more financial support for education. First, it is argued that since much of the DHEW budget is "uncontrollable," budget savings tend to be derived from "controllable" programs of which education has a disproportionate share. Second, it is claimed that education funds are cut to secure adequate funding for health and welfare concerns which often arise in the context of crisis or the perception of urgent national need.

Our analysis provides little reason to believe that this widely-held belief about the vulnerability of education funds in the budgetary process is correct. Throughout the government, the growth in uncontrollable programs has outstripped that of other programs, with uncontrollable outlays growing from 59 to 73 percent of the Federal budget during 1967-76. Similarly, growth of DHEW uncontrollables has more than doubled that of DHEW controllables during the same period. However, in the period, funding for controllable programs grew 138 percent in DHEW, 75 percent for other domestic programs, and 23 percent for defense programs; education division spending grew 123 percent. These data exclude the most significant recent increases in Federal education spending, 1965-66 and 1977-78, in which the growth of education programs exceeded the growth of the budget as a whole.

Further analysis reveals that a number of reasons for this finding can be located in the Federal budget process.

- . Eighty percent of HEW uncontrollable programs (Social Security Trust Funds) operate under a different OMB budget ceiling than that constraining education expenditures.
- . Estimates for education programs in OMB budget ceiling memoranda are more affected by overall budget guidance than by DHEW totals.
- . Within DHEW, each division is given similar growth targets, and interdivision competition occurs at a later stage and is relatively minor. Adjustments at this stage to accommodate budget ceilings are made primarily to uncontrollable programs, where it is easier to "find" savings.
- . Within OMB, the Education Division, in effect, is treated as a separate agency.
- . The advanced funding of most education programs has decreased the controllability of their outlays in any given year. Short term and "emergency" savings cannot be gained from forward-funded programs.
- . Regardless of the Executive Branch process, Congress has invariably increased education funding levels. Whether such increases would have been greater had Administration requests been higher is difficult to know.

Recent history suggests that the education budget has fared better within DHEW than it has within the Office of Management and Budget. It may be that DHEW in some sense buffers education programs in that the weight of that department is added to the recommendations of the chief education officer, placing the DHEW Secretary in the position of an advocate of the recommended programs.

Moreover, there are cases where a coalition of interests cutting across the various divisions of DHEW has defended the entire DHEW budget before the Congress. Such a coalition obviously carries more political weight than do education interests alone. It is true that the budget process effectively restricts the number of issues that

a Cabinet secretary can appeal to the President should he or she be dissatisfied with the OMB recommendations. This could mean that education issues are not pushed at the final stage of the budget process. However, the overall levels of funding education has received raises doubts that such appeals would have led to substantial increases in aggregate Federal expenditures on education.

A separate department, whether broad or narrow, would have fewer programs with large, uncontrollable spending needs than does DHEW. But, as just noted, it seems unlikely that the proportion of uncontrollables in a given department affects its share of the controllable Federal budget. A broadly based department would, of course, possess a substantially larger constituency with a greater range of interests and political resources than would a narrow department. Thus, the broader department might be more influential in making its demands felt.

In sum, while it is difficult to know what might have been, our analysis suggests that there is little reason to believe that any decision and budget processes within DHEW have had the effect of suppressing aggregate levels of education funding. Spending for education programs seems to be more related to policy preferences than organizational structure. While one can cite anecdotal evidence on both sides of this issue, it does not appear that a new department would necessarily have any effect on overall funding for education.



## APPENDIX B

### A NEW DEPARTMENT ENCOMPASSING EDUCATION AND HUMAN DEVELOPMENT ACTIVITIES: A DISCUSSION OF KEY ISSUES

#### Table of Contents

	<u>Page</u>
I. Introduction	1.
II. Educational Problems	3.
III. Characteristics of a New Department	8.
IV. Existing and Potential Linkages	14.
V. Can DHEW Achieve the Goals of a New Department?	21.
VI. Benefits of a New Department	25.
VII. Costs of Reorganization	28.
VIII. Conclusion	32.

A NEW DEPARTMENT ENCOMPASSING EDUCATION  
AND HUMAN DEVELOPMENT ACTIVITIES: A DISCUSSION OF KEY ISSUES

I. INTRODUCTION

The purpose of Phase I of the education study has been to examine the question of the establishment of a new Cabinet-level department encompassing education-related programs.

Among the structural options identified in conducting this study, a Cabinet-level department which encompasses a broad range of education, social service, and other human development programs shows considerable promise. This conclusion derives from several findings:

- A. American educational institutions, in general, are falling short of meeting the expectations of the nation and of educators themselves. Two important reasons why this is so are that (1) factors beyond the control of educators significantly limit the effectiveness of educational programs at all levels of government, in part because education is separated institutionally, professionally and ideologically from other social institutions; and (2) educational institutions are not adequately adaptive and responsive to the demands and challenges they face.
- B. A new department that includes only a narrow range of education-related programs would not significantly enhance or enlarge the current Federal effort to facilitate and encourage improvements in the quality and increased accessibility of American education.
- C. Since many education-related programs serve several social purposes, the logic of consolidating some education-related programs depends on the desirability of encompassing others with which those programs are closely linked. (See Appendix C for a more extensive discussion of program consolidations.)

A Cabinet-level department encompassing a broad range of education, social service and other human development programs appears to be a relatively new idea. While it has something in common with earlier proposals for restructuring education-related programs, it has not been widely discussed. The purpose of this Appendix, then, is to clarify the characteristics and logic of this option, as well as to examine its benefits and costs.

In assessing the relative value of a new Cabinet-level department focusing on education and human development, this Appendix compares this option with the desirability of restructuring Federal education-related programs within the Department of Health, Education and Welfare (DHEW). There are two main reasons for this focus: (1) this alternative includes many objectives and programs that are the responsibility of DHEW; and (2) this approach rests on different assumptions about the Federal role in education than are held by the advocates of a narrowly based Department of Education.

It should be noted also that this Appendix emphasizes the impact of reorganization on enhancing the Federal role in improving the effectiveness, efficiency and responsiveness of educational programs. Implicit throughout this analysis, however, is the conclusion that a Cabinet-level department encompassing a broad range of human development programs would have positive and significant effects on the delivery of social services. This factor is extremely important in view of President Carter's strong commitment to improving the full range of services to families, children, unemployed youths and older Americans.

While this paper deals primarily with the desirability of one alternative for restructuring education-related programs, it is recognized that the ultimate impact of reorganization depends on considerably more than the overall structure in which programs are housed. In Phase II of our study, we will examine a broad range of opportunities for improving program linkages, eliminating dysfunctional program duplication, reassigning authority for specific functions, increasing the resources of leaders, encouraging more effective intergovernmental relations, enhancing incentives for worker productivity, reducing paperwork, fostering administrative flexibility, and otherwise improving the development and implementation of Federal programs related to education.



## II. EDUCATIONAL THEMES AND PROBLEMS RELATED TO REORGANIZATION

Certain characteristics of American education set the context for assessing the relative desirability of alternative reorganization strategies and include:

1. Student achievement is falling far short of the expectations of parents, other citizens, and educators.
2. Awareness is growing that the capacity of students to learn and schools to function effectively are significantly affected by factors that are largely beyond the influence of educators.
3. School enrollments are declining at the same time that the demands for different types of educational experiences are increasing.

Before turning to the implications for reorganization of these considerations, let us examine each of them in greater detail.

### A. Student Achievement

It is difficult to determine whether public schools in America are any more or less effective today than they were in the past. It is not difficult, however, to say that the performance of the nation's educational programs, at least those administered by public schools, generally falls far short of the achievement we could hope for and should be able to secure.

While more young people graduate from high school and go on to college than in the past, more than 20 percent of young people never secure a high school diploma. This proportion of "dropouts" has been steady for several years.

Even among those who do graduate, substantial numbers can scarcely read and write. A recent study panel sponsored by the College Entrance Examination Board concluded: "...more and more high school graduates show up in college classrooms, employer's personnel

offices or other common checkpoints with barely a speaking acquaintance with the English language and no writing facility at all." A recent study by the National Assessment of Educational Progress shows that one out of eight 17 year-olds is functionally illiterate. In some low-income areas, one out of five or one out of four 17 year-olds is illiterate.

Mounting evidence shows that levels of academic achievement have been declining in spite of increasing expenditures on education. In testimony before Congress in 1977, David Wiley, Associate Professor of Education and Behavioral Science of the University of Chicago, reported on a study of achievement trends as measured by 10 different types of tests, including the Scholastic Aptitude Test and the National Assessment of Educational Progress. He reported that:

Up to the mid-sixties, achievement test scores steadily increased. Since then, scores have been declining in all tested achievement areas for grades 5 through 12, with more dramatic drops occurring in recent years and being most evident for higher grades. ... The reported declines are real ....

If we believe that most of the next generation can function and progress with less basic knowledge in science, then no worries in that area are justified. If we believe that less mathematics is necessary for the vast majority of pupils, then we do not need to worry. If we believe that verbal skills, such as those measured by more advanced tests, are less necessary in the future, then our schools are on the right track.\*

Not surprisingly, the public's confidence in educational institutions seems to be declining. An August 1977 Gallup Poll survey of American adults indicates that more than half the country believes that the quality of education children receive has declined.

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\*Statement of David E. Wiley, Hearings before the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor, U.S. House of Representatives, May 10-11, 1977.

B. Factors Outside the School that Limit the Effectiveness of Educational Programs

To what extent are the schools responsible for the decline in student achievement scores? Experts differ but most trace some of the problem to educational practices, especially the absence of standards, high expectations on the part of educators, and the failure to adapt instructional methods to the needs and interests of individuals. It should be noted, however, that recent studies of school effectiveness also stress the limits of what should be demanded of educational institutions and the interrelationship between the various aspects of a student's life which condition what he or she can and will learn.\*

As Ralph W. Tyler, Director Emeritus of the Center for Advanced Study in the Behavioral Sciences, observes:

... we must recognize that ... what (a young person) experiences in the home, in his social activities in the community, in the chores and jobs he carries on, in the religious institutions where he participates, in his reading, in his listening to radio and viewing of TV, and in the school -- all are included in the actual educational system through which he acquires his knowledge and ideas, his skills and habits, his attitudes and interests, and his basic values.

Schools are substantially insulated from other institutions and are weak in addressing the factors which limit their effectiveness. Although there are examples of programs with relatively broad objectives that are operated as part of the regular activity of some schools (which we will describe in Section IV), the bulk of the educational system is, at best, poorly tied to other public and private agencies.

\*See, for example, Advisory Panel on the Scholastic Aptitude Test Score Decline, On Further Examination, College Entrance Examination Board, 1977.

Averch, Harvey, How Effective is Schooling?: A Critical Review and Synthesis of Research Findings, Rand Corporation, 1972.

Most educational institutions continue to be isolated politically, professionally, and ideologically from other agencies with human development goals.\* But there is a growing appreciation of the need to bring education into the mainstream of public services. That awareness is reflected in a recent statement by the National Council on Educational Research of the National Institute of Education:

A sense of partnership among all social programs could benefit schools, for schools may be more affected by social forces than social forces are affected by schools. The Council wishes to emphasize that the impact of nonschool environmental factors have not been sufficiently recognized. Television, changing technology, changing life patterns, ill health, hunger, emotional distress, social deprivation, and many other factors all take their toll on effective teaching and learning.\*\*

#### C. Changes in the Demand for Education

The demand for educational services is likely to change significantly in the coming decades, primarily in response to changing demographic patterns, but also in response to changes in life styles and technology relating to employment patterns. These developments will radically affect schools, school systems, and institutions of higher education, and they will have major implications for the future shape of American education.

\*The isolation of American schools is manifest in many ways that go beyond the fact that every state has a separate education department and that about 85 percent of local school systems are politically independent from other local governments. For an overview of these governance patterns, see Frederick M. Wirt and Michael W. Kirst, Political and Social Foundations of Education (Berkeley, California, McCutchen, 1975). Educational professions and the structure of school politics also effectively isolate educational decision-making. See L. Harmon Ziegler and M. Kent Jennings, with Wayne Peak, Governing American Schools: Political Interaction in Local School Districts (North Scituate, Massachusetts, Duxbury Press, 1974).

\*\*National Council on Educational Research, Educational Research: Limits and Opportunities, March 1977.

Over the next 12 to 15 years, substantial overall declines in the number of school-age children will affect most educational systems. Many of these systems already have a significant surplus of facilities and are cutting back personnel. By 1990, the high school population will be 25 percent smaller than it was in 1975. Recent declines in elementary school enrollment are likely to continue through the mid-1980's. Although the number of children ages 5-13 will thereafter rise, it will level off in 1990 at present diminished levels. It should be noted that big cities, in which a highly disproportionate number of those who are the primary beneficiaries of Federal education and social services programs reside, have been particularly hard hit. In the 27 largest cities, for example, total enrollments are down by half a million students, leaving many schools and classrooms empty or underutilized.

It was noted above that 20-25 percent of the nation's young people do not graduate from high school. Furthermore, youth who do not obtain a high school diploma are four times more likely to be unemployed than those who do. When these data are coupled with the seemingly chronic unemployment of large proportions of young people, especially minority youth (40 to 60 percent are unemployed in some cities), a new role for education requiring new approaches can be seen.

The proportion of older people in the population is increasing. Technological and social changes may bring about more leisure time as well as increased demands for opportunities to learn new ways to earn a living and, more broadly, to enjoy life.

In short, one can predict a cyclical and changing age distribution of those to whom educational programs might be directed as well as changes in the expectations and needs that these potential clients of the educational system will have. These changes in turn, will test the capacity of education systems to adapt and to develop linkages to new clients and other social institutions with whom they have not dealt so extensively in the past.

#### D. Implications for Reorganization

These three aspects of American education represent fundamental concerns that Federal efforts to improve the quality of education must take into account. At the same time, significant limits are placed on the Federal role in education by (1) the Constitution; (2) widespread public consensus on the primacy of state, local and private agencies in the design and provision of educational programs; and (3) constraints on substantial increases in the Federal share of education and the limits on the role of the Federal government suggest that reorganization should be seen as a major opportunity to increase the Federal contribution of improving access to quality education.

For reasons we will discuss below, a broadly based Cabinet-level department encompassing education, social services, and other human development activities -- rather than a narrowly based Department of Education or a strengthening of the Education Division with DHEW -- is the approach to reorganization most likely to meet these and other challenges effectively, efficiently and responsively.

### III. CHARACTERISTICS OF A NEW DEPARTMENT ENCOMPASSING EDUCATION AND HUMAN DEVELOPMENT PROGRAMS

#### A. Overview

The program outcomes that give meaning to most Federal education and social service programs relate to (1) the extension and protection of equal opportunity, and (2) the enhancement of the personal resources that enable individuals to benefit from and to shape opportunities to live healthful, productive, intellectually and emotionally rewarding lives.

There are hundreds of federally sponsored programs that address these two general goals in one way or another. The types of people to whom these programs are addressed range from the most academically gifted and talented, who receive post-doctoral education and research support, to the most economically deprived, who receive basic health

and nutritional assistance. While the poor have been the target of most of these programs, the artistically talented, the producers of scientific and humanistic knowledge, the aged, those discriminated against because of race or sex, those whose primary language is not English, and the physically and mentally handicapped are among the groups that educational and social services programs have attempted to serve.

A new Cabinet-level department which brings together a substantial number of these programs would be responsive to President Carter's campaign pledge to create a new department encompassing education, job training, early childhood education, literacy training and many related functions "scattered throughout the government."

In general, this new constellation of programs seeks to enhance the personal resources that allow individuals to use and to shape the opportunities society offers. A new department encompassing these programs would give new emphasis to the importance of fostering a comprehensive state and local services network involving families, schools, and other private and public community institutions to help individuals reach their potential for personal growth, self-sufficiency and productive work. The linkages between programs which serve the special needs of disadvantaged populations (e.g., the handicapped, low-income children and families, delinquent and unemployed youths, the elderly) would be enhanced especially.

The new department, by grouping services programs that support people, could be the organizational focus of a comprehensive family policy. Most of the services proposed for inclusion respond to one or more of the social problems that are tearing families apart. By grouping those programs together, the government could assure systems for ensuring that an eligible family's needs are detected and treated. At the same time, it could focus attention on ways to rebuild schools as community institutions that draw families out of isolation and provide support.

More specifically, such a broadly based new department would be justified by the fact that it -- rather than either a narrowly based Department of Education or a

reorganized DHEW -- would come closest to manifesting the following conditions necessary to maximize the effectiveness, efficiency and responsiveness of education, social services, and other human development programs:

1. Human development programs should employ comprehensive approaches to meeting human needs that treat the individual holistically and also recognize that the individual is part of a family and community. Thus, programs should seek to enrich and make more productive those family and community interactions, except in cases where such an approach would be detrimental to the individual (e.g., the abused child). The responsibility for enhancing the welfare of particular individuals or groups should be broad enough that public agencies can be held accountable for the success and failure of programs in these broad terms.
2. Programs with related (though not necessarily similar) objectives should be located within the same policy and budget-making environments. This is likely to increase the coherence of policies, enhance the likelihood of inter-program coordination, and reduce unproductive duplication and competition among programs.
3. The scope of the programs encompassed by a Cabinet-level department should be broad enough to (a) provide policy makers and managers with a sensitivity to alternative and flexible ways that general goals might be achieved, and (b) facilitate the continuing reassessment of priorities that is necessary when resources for programs are limited and the most effective way to achieve goals is uncertain. This also reduces the likelihood that any particular interest group or constituency will dominate decision making.
4. Programs should be as accessible as possible to potential clients. Accessibility, in turn, is a function of (a) the comprehensibility of the programs, (b) the extent to



which programs can make use of the same facilities and personnel, and (c) the provision of means through which clients can influence the direction and implementation of policies.

5. Since the actual delivery of most Federal programs is carried out by state and local governments or private institutions, Federal policy makers and program managers must be able to adapt to the organization, dispositions and capabilities of such agencies.

## B. The Programmatic Base of the New Department

The specific programs that would be included in a broadly based new department would be determined only after a careful analysis during Phase II of the study. At this time, however, a tentative indication of the most likely candidates for consolidation can be given. An even more speculative listing of the other programs with missions that are related to human development will also be suggested.

### 1. Basic Components

The primary building blocks of the new department are the Education Division and Office of Human Development Services, two of DHEW's five basic components. The other major units of DHEW are the Public Health Service, the Health Care Financing Administration and the Social Security Administration.

The Education Division includes major programs in the Office of Education (OE) and the National Institute of Education (NIE), the National Center for Education Statistics (NCES) and the Fund for the Improvement of Postsecondary Education (FIPSE). The Office of Education is the primary agency of the Federal government responsible for administering legislated programs of technical and financial assistance to agencies and institutions and to individuals for educational purposes. It administers more than 120 programs, most of which are discretionary and categorical project grant activities. More than half of OE's funds flow

through state departments of education. Its budget in FY 1978 is about 99 percent of the Division's \$10 billion, and it employs some 3,400 of the Division's 4,000 staff.

The Office of Human Development Services, headed by an Assistant Secretary, administers 31 programs. These programs are primarily aimed at assisting state and local governments to provide services to various client groups. The total 1978 budget request for OHDS was \$4.7 billion. It has a staff of almost 2,000. The basic components of this program are the following:

- a. The Title XX Social Services program (\$2.7 billion 1978 legislative ceiling), which helps states provide support services to primarily low-income persons to promote their self-sufficiency and welfare.
- b. The Head Start program (\$485 million, February 1978 budget request), which provides comprehensive developmental services for children and their families.
- c. The six Rehabilitation Services programs (\$934 million, February 1978 budget request), which assist state and local vocational rehabilitation efforts.
- d. The nine Administration on Aging programs (\$422 million, February 1978 budget request), which support research into and the support of services to fulfill the needs of older persons.
- e. A number of somewhat smaller programs, including those providing for the needs of Native Americans, the developmentally disabled, youth, children, the handicapped, and the mentally retarded.

## 2. Likely Additional Components

In addition to the education and human services programs in DHEW, there are a number of agencies outside DHEW which could be considered for inclusion in the new department. Among these are the

food and nutrition programs in the Department of Agriculture, limited aspects of the Labor Department training programs sponsored under the Comprehensive Employment and Training Act (CETA), Indian Schools in the Bureau of Indian Affairs, the Juvenile Justice and Delinquency Prevention Program in the Justice Department, several student assistance programs which are not tied to agency missions or advanced learning, and some training, educational technology, and curriculum development programs now in the National Science Foundation.

The inclusion of these programs as well as the Education Division and OHDS would result in a new department that would have had a total FY 1978 budget of \$22 billion and some 15,000 employees. The justifications for encompassing those programs within a broadly based new department are set out in Appendix C.

### 3. Other, More Tentative Candidates for Inclusion

There are a considerable number of smaller and independent education and human services support activities scattered throughout dozens of Federal agencies. Agencies which should be studied for possible inclusion in a new broadly based department include the Community Services Administration, ACTION, the Appalachian Regional Commission, the National Foundation for the Arts and Humanities, and the Department of Defense (DOD) Dependent Schools. Smaller and less conspicuous programs include various education and education-related programs such as curricula development, research and dissemination activities that operate within most Federal agencies. If these programs, or a substantial portion of them, were consolidated into the new department, they would raise its budget to somewhere between \$24-26 billion and its personnel level would exceed 23,000. (The DOD Dependent Schools employ some 9,000 persons in addition to this number.)

### 4. Public Health Service Programs

More than 30 programs administered by the Public Health Service have some relationship to a broad concept of human services delivery. These programs comprise approximately one-third of the Public

Health Services' total budget of more than \$6 billion and roughly one-third of its 51,000 employees. The leading candidates for inclusion in a new department are a dozen health service formula and project grant programs with a total budget of approximately \$1.5 billion. Examples of programs, which are closely linked with other human services programs and/or with education, are Community Health Centers, Family Planning, Maternal and Child Health and Alcohol and Drug Abuse projects. A number of health professions education and training programs, which provide a substantial amount of institutional support to universities, could also be considered as potential components.

In its most expansive form, then, a new department would encompass 200-215 programs and have a budget of approximately \$27 billion. Such a budget would be in excess of all presently existing departments, with the exceptions of the Department of Defense and the cluster of programs which would remain in DHEW.

#### IV. IMPORTANCE OF EXISTING AND POTENTIAL LINKAGES BETWEEN EDUCATION AND OTHER HUMAN DEVELOPMENT PROGRAMS

##### A. Overview

This section seeks to explore in more detail the potential benefits that would result from a broadly based department encompassing education and other human development programs.

Section II focused on the limits on the effectiveness of educational programs as a result of circumstances that were beyond the capacity and responsibility of educators. Section III outlined the theoretical argument for achieving greater comprehensiveness and coherence in human development policies and in program implementation. The purposes of this section are to:

1. Suggest the extent to which education and social services programs share common objectives, clientele and facilities.

2. Present some illustrations of critical social concerns that might best be met if the goals of a new department could be realized.
3. Identify existing programs that might serve as models for the kinds of local organizations a new department would be expected to develop and support through Federal action.

B. Shared Objectives, Clientele and Facilities

There are numerous examples of overlapping objectives of many agencies focusing on different dimensions of the same family's or individual's problems, as well as some sharing of facilities. The discussion and illustrations here are meant to suggest rather than define the potential that exists for greater collaboration among and integration of human development programs.

Many education and human development programs serve the same client groups:

1. A number of these programs are focused exclusively on the special needs of children, including Head Start, Follow Through, the Child Abuse and Prevention program, the elementary and secondary education programs, and the school lunch and breakfast programs. Other programs, such as Title XX, devote a substantial portion of their funds to serve children (over 25 percent of Title XX's \$2.7 billion is spent on day care).
2. Several programs exclusively serve the handicapped, including the vocational rehabilitation, developmental disabilities, and education for the handicapped programs. Other programs set aside a specific percentage of their funds to serve the handicapped, including the vocational education, ESEA and Head Start programs.
3. Some programs are focused entirely on the elderly, including the older Americans service programs, ACTION Older Americans Volunteer Program, Senior Employment Programs, continuing education and the proposed life-long learning emphasis. Other programs such as Title XX and adult education also serve many older persons.

4. The juvenile justice and runaway youth programs serve only young people, but many other programs such as Title XX, vocational education, elementary and secondary and higher education, Special Services for Disadvantaged Students, and the CETA training programs serve many young people.
5. American Indians are served by the Indian Education Program, the Administration for Native Americans (OHDS), Adult Education, the Johnson-O'Malley Program, BIA schools, as well as some 30 other programs in the Office of Education.

Many education and human development programs have similar objectives.

1. The vocational and adult education and CETA training programs are designed to train individuals for meaningful employment. The vocational rehabilitation program focuses on this same objective through rehabilitation.
2. Juvenile delinquency prevention is the common objective of the Delinquency Prevention Program in the Justice Department and runaway youth and family counseling services in DHEW.
3. Many Federal programs, including the Head Start, Emergency School Aid Program, and Title I elementary and secondary education programs focus on providing services that will enhance equal opportunity for low-income children.

Many education and human development services are provided at the same location.

In recent years, there has been a considerable amount written about social services integration. More than half the states are now organized to facilitate increased social service integration of one sort or another. Many localities, often at state direction, have adopted various approaches to increased program linkages. While there is little evidence that such integration increases benefits for service recipients, most criticism of this strategy is concerned with how

difficult it is to achieve, rather than on its ultimate desirability. It should be noted that the movement to services integration has come about without much Federal support. Indeed, some Federal programs actually discourage local initiatives through excessively restrictive regulation of the use of funds.

In contrast to the burgeoning interest in social services integration, concern over the possibilities of linking social services and educational programs has been much slower to develop. As suggested earlier, however, some programs that reach across the lines of established policy arenas are carried out under the auspices of schools. These programs include: community schools, nutrition programs for children in most schools, about 600 nutrition projects for the elderly, some immunization efforts, and Head Start, about which more will be said below.\*

### C. Critical Social Problems Requiring Comprehensive Multi-Service Remedies

#### 1. Problems of the Handicapped

The Education for All Handicapped Children Act of 1975 requires schools to ensure children who are physically and psychologically handicapped, equal educational opportunity. This must be achieved through integration of these students within regular classrooms and provision of support services directed to individual needs. These demands to meet the needs of the handicapped place enormous burdens on educational institutions. Schools that do try to respond most often do so at the expense of other programs and seldom marshal sufficient resources to deal adequately with students' needs. Education for the handicapped thus provides a good example of an opportunity to use community resources efficiently by developing linkages with community providers of health and social services rather than developing a duplicative and probably less effective staff capacity within the school system.

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\*Certain activities, such as some CETA training programs are carried out in school but they are not cooperative efforts in the delivery of services.

## 2. Problems of the Aged

There is a rapidly increasing number of retired persons who seek meaningful employment and leisure-time activities. While some service and employment programs offer a few opportunities for involvement and activity, basic institutions such as schools, arts programs, vocational education programs, and higher education have not responded comprehensively to this need. Older people, therefore, confront an unfulfilling and often lonely existence. This loneliness and sense of frustration may help explain why older people, who now comprise 10 percent of the population, commit 25 percent of the annual suicides.

## 3. The Youth Unemployment Problem

One of the country's most serious social problems is the chronic unemployment of many young people, especially minorities. This problem often is tied to failures in school. Youths who do not complete high school are four times more likely to be unemployed than those who do, and are more likely than high school graduates to have or become part of a long-term dependence on public services. The reasons for "dropping out" of high school are varied. Some can be traced to schools themselves, but others have to do with emotional problems, juvenile delinquency, family instability and inadequate access to health and social services. For example, in Michigan, half of the females who drop out do so because they become pregnant. The student who leaves school ceases to be "a problem" for educational institutions and, in effect, is transferred to another social service agency. Thus, a young person with inadequate education may go into a training program. But that training program, because it, like school, does not engage the core problems that have led to unemployment, may have little long-term impact. If the youth becomes unemployed again, he or she becomes the client of another social agency unless another training program can be found. The cycle continues without the reasons for the individual's unemployment being dealt with adequately.



#### 4. Conclusion

Though these do not exhaust the examples one might cite, the three problems discussed here suggest the importance of addressing human needs in more comprehensive and cost-effective ways. Such strategies will be very difficult to design, much less to implement, as long as problem solving agencies remain fragmented: schools are responsible for education, the courts for juvenile justice, vocational schools and CETA prime sponsors for training, welfare departments for counseling, family planning clinics for family planning services, and so on. Some models of how this fragmentation between and among education and human service programs can be eliminated are available.

#### D. Some Models for Integrating Education, Social Service and Other Human Development Programs

##### 1. Head Start

Project Head Start, established in 1965, provides comprehensive developmental services to children and their families. The program, which serves primarily preschool children from low-income families, offers comprehensive educational, health, nutrition, social and other services. Parents participate in the development, conduct, and overall program direction. The overall goal of Head Start is to develop greater social competence in economically disadvantaged children, which is defined as developing their capacity to deal more effectively with both their present environment and later responsibilities in school and community life.

Grants to carry out the program are awarded to public and private non-profit agencies, approximately one-third of which are local school systems and two-thirds are community action agencies. Eighty percent of the funding is provided by the Federal government. In Fiscal Year 1977, the program served 349,000 children through 1,233 full-year grantees, 161 summer grantess, and 33 parent and child centers. Full-year Head Start programs are primarily for children from age 3 to school age, but may include some younger children. At

least 10 percent of the enrollment opportunities must be made available to handicapped children, and up to 10 percent of the total enrollment may be from families with incomes above poverty guidelines.

Recent studies indicate that Head Start does affect positively cognitive development, health and social adjustment. The success of Head Start can be attributed largely to the unique nature of the program, bringing educational, health and social services together in a comprehensive approach to child development. Evaluations have also shown that the significant amount of involvement of parents and families at the local level has been instrumental to the success of the program.

## 2. Cities in Schools

A series of demonstration projects, building on earlier experiments, have been funded by a group of Federal agencies to develop prototype "cities in schools" programs. These programs have several premises, including the following: fragmented services do not serve the multiple needs of families and individuals; second, many urban problems result primarily from breakdowns in families and neighborhoods; and third, schools are accessible community institutions in which both the "captive" student audience and their families can be served. The demonstration projects will provide integrated human services to students and their families by locating human services providers in the schools and by developing comprehensive approaches -- involving both the education and human services systems -- to serving young people. Ten projects are now being funded.

A new department would seek to provide the leadership to increase the number of programs which are as comprehensive and innovative as Head Start and Cities in Schools. In this manner, the mainstream of classroom education might be infected with the broader concept.

This section focuses attention on the extent to which education and other human development programs are or could be linked, but it should be emphasized that the argument for a new department does not rest solely on current and potential interrelationships. As has been implied above, and will be discussed further below, a broadly based new department will increase the attention given to educational issues at the Federal level, increase the likelihood that the goals of education will be defined so that services to underserved populations will increase and encourage educational strategies that are both more responsive to individual needs and less tied to classrooms and traditional approaches to fostering learning.

#### E. Conclusion

The new department would do more than enhance linkages between education and other human development. However promising models such as these are, it must be recognized that they operate at the margins of major educational and social service programs. Indeed, the inception of each was a reflection of the difficulty of achieving multi-service, holistic approaches to meeting individual and family needs through existing institutions. Whether these models will have a greater effect on the core of educational programs, in particular, without Federal leadership seems doubtful.

#### V. CAN THE GOALS OF A BROADLY BASED DEPARTMENT BE ACHIEVED WITHIN DHEW?

Given the potential political costs of a major structural reorganization, the temporary costs of disruption and relocating and the fact that the programmatic base of a new department is now within DHEW, why should one not seek to achieve the objectives of more integration within that Department?

The central reason why a broad new department is the better structure for enhancing the effectiveness of education and other human development programs is the size and complexity of DHEW. Even in its most extended form, the new department would have a budget one-sixth the size of DHEW's and would employ only one-fifth as many people. While the number of programs

encompassed would be extensive, they share goals and approaches to problem solving that are substantially less diverse than those which now characterize DHEW. The linkages under consideration have not been established in the past, and there is little reason to believe that even the best leadership can bring about the necessary changes.

In order to examine more carefully the comparative advantages of a broad new department and DHEW, one should explore how the former would assist in overcoming some of the major obstacles that have thwarted consistently the achievement of greater policy coherence, comprehensive program design and cooperative and coordinated implementation.

#### A. Limits on the Addition of New Programs to DHEW

Consolidating human development programs now outside DHEW within that department would exacerbate existing policy development and program implementation difficulties related to size and complexity. Thus, opportunities for consolidating additional education and social services programs now outside DHEW are substantially limited. As noted earlier, the programs now outside DHEW whose consolidation with other human development activities could enhance the attainment of education and social services objectives include: the Food and Nutrition Service (Agriculture), some training programs (Labor), juvenile delinquency prevention (Justice), the Arts and Humanities Endowments, the Community Services Administration, and some parts of ACTION. On the other hand, a broadly based new department encompassing both education and human development activities would be an appropriate vehicle for administering such programs. These potential candidates for consolidation account for expenditures in excess of those of OHDS and the Division of Education combined.

#### B. The Absence of a Coherent and Broadly Shared Organizational Ideology

The more organizations have a widely shared understanding of their general mission, the more likely they are to develop cohesive policies and coordinative administrative processes and to convey their mission to those they serve. Moreover, to the extent that individuals and agencies within an organization have a common sense of how the

issues to be addressed are identified, they develop a greater willingness to work together. DHEW is too large and diverse to develop these characteristics. It has too many employees and too many constituents. However, the desirability of general consensus about mission does not mean that it is functional to have universal agreement on the best way to achieve goals. Where the search for satisfactory solutions is incomplete, as is the case for human development issues, it is useful to harbor different approaches and different emphases within the same department. A new department would be characterized both by considerable agreement about the importance of general objectives and by diversity in approaches to achieving those goals.

C. Inadequate Attention to and Knowledge of Implementation Problems on the Part of Top Leaders

In a department responsible for as many issues of national importance as DHEW, top leaders have limited time to give to the consideration of many issues that might come before them. Those concerned with the issues to which leaders give least attention are often demoralized, and new initiatives are discouraged. Within the last 10 months, because of the significance of other issues, the Secretary of DHEW has given relatively little emphasis to human development concerns.\* Moreover, the development and implementation of policies that promote integration among organizational units require a good understanding of the internal dynamics of the programs involved and how the affected constituencies might relate to the new arrangements. In the new department envisioned, one would be more likely to find leaders with more substantive expertise and to see top leaders more directly involved in human development policymaking and administration.

D. Inadequate Mechanisms for Integration and Coordination

Because the leadership in a department as broad as DHEW inevitably faces limits on the role it can play in fostering new initiatives, assuring program adaptiveness, and securing coordination and integration, the Secretary of DHEW must depend heavily on his staff

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\*Of 14 major initiatives, the Secretary has announced publicly only 3 which focus attention on education or social services.

to perform these functions. A key staff agency in this regard is the office of the Assistant Secretary for Planning and Evaluation (ASPE). Although ASPE has very competent analysts, it is quite large and has become specialized and bureaucratized. Little cross-cutting analysis is done, and much of it is performed by persons who have expertise only within a single policy area.

Because the control problems are so great in DHEW, considerable authority for policy development, evaluation and budgeting has been centralized in the Secretary's office. This, in turn, discourages initiatives in line divisions, especially those which might lose more authority through integration or coordination.

The relatively smaller size and diversity of the new department under consideration would allow the Secretary's staff to permit greater decentralization, retaining at the same time the capacity to approach issues from a human development perspective.

E. Insistence by Various Constituencies on the Differentiation of "Their" Programs

Failures to achieve coordination, integration and change are often attributed to bureaucrats concerned with protecting their status, expertise, and organizational resources. But "program isolationism" is also the result of political action by those who are served by a given organizational unit. Such demands can be discouraged in several ways: (1) articulating a clear organizational purpose that implies the need for breaking down traditional barriers between professionals and between institutions; (2) formalizing the provision of access to decisionmaking by a variety of constituents; (3) making better use of scarce resources so as to illustrate that integration and cooperation lead to greater cost-effectiveness; and (4) structuring programs by type of client rather than by type of service whenever appropriate.

Again, these strategies seem more feasible for a smaller more internally coherent agency than for DHEW. Moreover, programs that encompass these strategies would be

substantially more visible within the proposed new department than they now are in DHEW. Furthermore, if multi-service agencies like the Community Services Administration were placed in the new department, these strategies would be all the more familiar to top-level leaders and to the heads of other programs.

## VI. BENEFITS OF A BROADLY BASED DEPARTMENT

Preceding sections of this paper have implicitly argued the case for a broadly based department. In general, the argument is that encompassing Federal education-related programs within a broadly based department will lead to three types of benefits. First, such a structure would encourage educational institutions to approach their goals in a more flexible way depending less on classrooms as places where learning takes place and reaching out to new clientele for whom traditional approaches to fostering learning have been ineffective or unappealing. Second, it would facilitate policy development and implementation that recognizes that the effectiveness of the efforts of professional educators is importantly related to the conditions students experience outside of school and the degree to which educators, other professionals and families can address the student's needs in concert. And, third, a broadly based department would facilitate a more assertive and visible role for Federal leadership contributing to the quality of American education.

More specifically, our analysis leads to the conclusion that a broadly based department would have the following benefits:

1. A new department would give attention and momentum to Presidential commitments to develop new policy initiatives to broaden educational opportunities, to strengthen community-based services to families and children, to deal with youth unemployment through education and social services, to improve intergovernmental relations, and in general, to attach social problems in a more comprehensive way.
2. The new department, since it would include only a portion of the programs now in DHEW, would allow the consolidation of a number of human development

programs from throughout the government without becoming excessively large, diverse, and unmanageable.\*

3. Decreasing both the diversity and size of DHEW will permit top-level leaders in both the new department and the agency with the remaining program to foster policy coherence and provide more effective management.
4. The new department would bring professionals and client constituencies with a range of approaches to problem definition and service delivery into the same decision-making environment. This would encourage a rethinking of priorities, facilitate interprogram evaluation and comparisons, and promote more flexible and comprehensive approaches to meeting education, social service and related human needs, even within the constraints of existing programs.
5. The proximity of Federal staff representing different skills working together as teams to achieve common goals should increase the opportunities and incentives for positive cooperation rather than competition and autonomy at the program level.
6. Non-productive duplication of services and competition between separate Federal service providers would be reduced in the new department.
7. Accountability to the public would be enhanced since Federal human services activities would be more easily scrutinized by the general public as well as by those who are the intended recipients of the programs.
8. A new department, narrower in scope and more focused than DHEW, would facilitate research and evaluation dealing with comprehensive approaches to enhancing human development.
9. Increased commitment to facilitating access to decision-making at all levels for clients and local services providers will result from the fact that those committed to such accessibility would comprise a relatively greater share of the department's activities. Moreover, new opportunities would exist for restructuring programs so as to make them more comprehensible and flexible.

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\*The Office of the Secretary of DHEW (excluding the Office of Civil Rights) requires an administrative and support staff of over 4,000 full-time positions.



10. A Federal commitment to service coordination should result in Federal policies which foster such linkages at other levels.
11. A model for consolidation of social service programs would be provided state and local governments which themselves isolate education and related programs from each other.
12. A new department focusing on human development would increase the visibility such issues have to the public and provide a focal point around which discussions of related national needs and priorities could be structured.

Substantial benefits in the form of savings to the Federal budget are not expected to come directly from the establishment of a new department. Theoretically, consolidating functions currently performed in DHEW's Office of the Secretary, the Education Division and OHDS should result in savings. For example, integrating the extensive planning, evaluation and budgeting elements found in all three units should reduce costs slightly. There are limits on net savings of this sort. One such limit is Civil Service employee protections.

Clearly, major savings can be gained if the new department revises paperwork practices and procedures. This could result in real work-year savings to state and local agencies and institutions receiving financial assistance from the new department.

Restructuring Federal human development programs through a broadly based new department will facilitate the consolidation of a greater number of agencies from outside DHEW than would be possible to add to DHEW or to a Department of Education. This could lead to significant savings in the costs of program administration.

Savings, in terms of improved effectiveness at the services level, might be gained by integrating Handicapped Rehabilitation Services and the Education for the Handicapped Programs. This could be substantial in the long term. A similar case could be made for the OHDS Native American Programs and the USOE Indian Education Programs, and the Vocational Education and CETA money to local education agencies. In short, program consolidations may result in eliminating some duplication, but this may mean greater cost-effectiveness rather than direct short-run savings.

During Phase II of this study a more detailed analysis of potential cost savings will be undertaken.

## VII. COSTS OF A NEW DEPARTMENT ENCOMPASSING EDUCATION AND HUMAN DEVELOPMENT ACTIVITIES

There appear to be four types of potential costs to establishing a new Cabinet-level department dealing with education, social service and other human development programs: (A) losses in program effectiveness and efficiency due to separation of social and health services from health finance and income assistance programs, (B) administrative and personal costs involved in creating a new department, (C) short term disruption of programs during transition and (D) political costs.

### A. Consequences of Dividing Health and Welfare Programs Between Two Departments

The salient concern of those who recommend separating social and health services from the cash assistance and health financing programs is the deleterious effect this move might have on the linkages among these programs. The human services programs are intended to complement income assistance and health insurance programs by providing access and supportive services, such as day care, nutrition, special health services, rehabilitation, and employment and training.

The underlying premise for the "separation case" is that this will lead to two more manageable and internally coherent departments. The Department of Education and Human Development will be concerned primarily with the delivery of comprehensive services to needy families and individuals and will include Federal education and human services programs that are now administered largely by the state and local agencies and organizations. HEW, will include cash assistance, welfare reform, Social Security, Medicaid and Medicare. These programs are administered directly by the Federal government. (AFDC and Medicaid, whose eligible populations are essentially the same, are administered jointly by the Federal and State governments). The principal function of this department, which provides cash payments to individuals and to providers of medical care, is management control: eligibility determination, monitoring state and private sector fiscal intermediaries' performance, standards setting, rate setting, and fraud and abuse control. One caveat in this discussion relates to the shape of the

national health insurance proposal, which HEW is now developing. The scope of benefits and the Federal role in program administration, both of which are not yet known, will obviously have a major impact on this discussion and the conceptualization of the role and organizational location of health financing and services programs. Hence, a final decision must await the promulgation of the broad outline of NHI.

Secretary Califano has recognized the functional differences between the payment and services programs. In the recent reorganization of HEW, the Secretary dismantled the Social and Rehabilitation Service, moving the services programs to the Office of Human Development and the cash assistance programs to the Social Security Administration. Medicaid, along with Medicare was placed in a new Health Care Financing Administration, separate from the Public Health Service and its service delivery, manpower, and research programs. Similarly the Carter Administration's Welfare reform proposal includes cash assistance and employment components and excludes social services.

There are two major arguments for not splitting the services and financing programs. First, the services programs are income tested and should be located with cash assistance to ensure consistent eligibility requirements. Although a number of services programs are targeted on low income individuals, none are truly income tested. Headstart, WIC, Title XX school lunch and CETA are all based on some percentage of median family income. Other services, such as hypertension, alcoholism, and community mental health centers are designed to aid vulnerable individuals regardless of their ability to pay. In addition, at the local level, the points of intake for the income assistance and Medicaid programs and the service programs are generally not the same.

The second reason for not separating the programs is to ensure that to the extent possible, they are truly complementary. This recognizes that coordination is already spotty within HEW and may be exacerbated by separating the programs into two departments. Although reorganization staff are very sensitive to the need for complementarity and linkages among programs, the conclusions are that, on balance, the arguments to support separate departments are most persuasive. Obviously, in the process of creating this department we will work assiduously

to establish formal coordination mechanisms at the policy development and implementation levels. Information and referral mechanisms at the Federal and local levels are also essential so that clients can receive the combination of services and cash assistance and health insurance which they need.

B. Administrative and Personal Costs of Establishing A New Department

The administrative costs of establishing a new department should be small because: (1) the major components already exist and will simply be relocated, (2) the components for inclusion are practically independent with the major exception of the payroll system which need not be separated out immediately, (3) changes in union contracts, GSA agreements, xeroxing services, security, are common and those involved in this move will involve no net increase to the taxpayer.

Another important cost of reorganization could be that the least productive employees of the old department will probably be assigned to the new department.

1. Short-Run Costs

- a. Establishing an Office of the Secretary. Including an Under Secretary's Office and Special Assistants, the additional annual cost should be between \$1.5 to \$2.0 million.
- b. Establishing up to four additional Assistant Secretaries' offices: assuming an average of ten new positions for each above manpower resources that can be redirected internally to these offices, the annual net increase would be between \$1.0 and \$1.5 million annually.

Expenditures for GSA space, franking privileges, changing and revising forms, etc., are a costly bookkeeping chore. First of all, these tasks are done routinely by the major organizations' bureaucracies that would constitute a new department; and secondly, they need not be done immediately. For example, there will inevitably be a need to establish a central payroll system. However, the Department of Interior continues to carry out the payroll function for EPA which was established in 1970.

Space is usually a major cost in creating a new department. In this instance, however, most of the facilities affected by this proposed reorganization are extant and GSA-owned rather than leased. Consequently facilities' accounting records with no or negligible cost to the taxpayer.

In short, aside from the cost involved with establishing a payroll system (estimated net annual cost of \$2 million), the Secretary's immediate office and Offices of the Assistant Secretaries, there need not be other major additional costs to the taxpayer. In fact, considering the salary and expenditure wealth of HEW and recent economy moves by the Secretary, there may be no additional costs in the short run.

## 2. Long Run Cost

Although the basic programs that would comprise the new department would be moved in toto, there is a risk in reorganization that the "sending" agencies may include a disproportionate number of incompetent and unproductive employees. One approach to avoiding the problem is to percentage charge the donating agencies for personnel slots against people on-board. This would leave some people at the donating agency to the extent that over-ceiling can be remedied by attrition. This is advisable when positions to be transferred are more related to necessary overhead support functions than direct program administration responsibilities. Otherwise, the new department may require major infusions of S & E dollars and positions through the regular budget appropriation process.

## 3. Costs of Revising Paperwork Procedures

A major potential benefit of the new department is the possibility that it will lead to substantially simplified review processes both within the Federal government and with respect to State, local and private agencies. However, the experience of other reorganizations suggests that this sort of simplification and revision must be phased-in if relatively large transition costs are to be avoided. An assessment during Phase II of our study of the potential cost savings at all levels of government from what has been called "paperwork reduction" should determine the desirability of a crash effort that would entail additional short-run costs and possibly slowing down the ongoing work of operating agencies.

#### 4. Impact on Donating Agencies

Within DHEW, the loss in terms of administration related costs of relocating the Education Division and the Office of Human Development Services is miniscule since these agencies represent less than five percent of the DHEW personnel. The same situation applies to programs that may be included in the new department from other large agencies such as DOD, VA or DOL. The potential impact on smaller agencies such as ACTION or Community Services Administration, however, could be severe and would consequently require a specific case impact analysis for the losing agency.

#### C. Costs from Short-Run Program Disruption

The extent to which program effectiveness will be undermined during the transition to a new department depends on, or course, the number of agencies involved. The more agencies now outside DHEW that would be involved, the greater the disruption. There is no reason that the changes could not be done incrementally. For most of the DHEW agencies, the change will be similar to that involved in a change of administration, assuming sufficient prior planning is allowed.

There is a non-financial cost that major reorganizations entail: the anxiety of employees during such a move. This proposal does not in itself result in the termination of Federal programs. Its objective is to make existing programs work more effectively and efficiently. Nonetheless, human costs of reorganization may be substantial. An air of general anxiety prevails while decisions pend about the placement of individuals in the new organization. This may lower morale and productivity. It may require a freeze on all recruitment and promotions until individual placements are made, roles are clarified and the implications of personnel reductions are fully understood. Again, these problems will be increased considerably by a reorganization involving programs outside DHEW, especially when the agency is not independent and when it must be merged with an existing DHEW agency. Implications of these conclusions will be addressed more thoroughly in Phase II of the study.

#### D. Political Costs of Option 2

We are in the process of conducting another round of consultations with key congressional leaders and interest groups on the three basic options. Based on past consultations and recent soundings, the political response to option 2 follow.

Option 2 is supported in concept perhaps by some congressional figures (Congressmen Brademas and Ford and Senator Ribicoff) but opinions on what should be included in such a department vary. The consensus is that this department would be extremely difficult to achieve politically. Most interest groups would not be supportive (aging, children), though the handicapped probably would endorse it.

No formal position has been taken by the NEA and other elementary and secondary organizations at this time. The NEA does not favor including too many non-education programs in a department, however, fearing this would dilute education's role. It also insists that any new department only be named "education." The NEA believes any education department must be feasible politically, and based on past comments, it would probably view this new department because it does not want to fight organized labor.

Other groups would oppose option 2 strongly if programs they champion were to be proposed for inclusion in it. Examples include:

- . Labor (CETA training programs)
- . Agriculture (USDA school lunch and breakfast)
- . Veterans (VA student loans)
- . Some poverty groups (community action agencies)

Various congressional leaders allied with these interests can be expected to oppose transferring these programs as well, e.g., Senator Williams - training and Senator Talmadge - school lunch and breakfast.

This option would probably also draw opposition from conservative groups who might fear the department would promote more social programming in schools.

While some congressional concern has been voiced that this option might prompt the House Education and Labor Committee to split into two committees, there is no reason to believe this will happen. If it appeared this would occur, labor would oppose the option since labor legislation would become separated from "more respectable" education bills.

### VIII. CONCLUSION

In addition to summarizing the arguments for and against a new department dealing with education and human development, the final section of this paper draws attention to two issues only briefly touched on in the previous pages. First, examples of strategies that might be employed to accomplish the objectives that underlie the overall structure of the new department will be identified. These will be studied further in Phase II. Secondly, the organizational future of those DHEW programs that would not be included in a new department encompassing education and human development activities is briefly discussed.

#### A. From Organization Structures to Program Effectiveness

There are three mechanisms through which concepts make their way into tangible outcomes: policies, organizational structures, and administrative procedures. This paper has focused on organizational mechanisms and has dealt mainly with overarching structures. The argument here is not that an Education and Human Development Department will assure increased effectiveness, efficiency and responsiveness of education, social service and other human development programs. Rather, our position is that a broadly based department is an important concept around which efforts to attain these objectives can be built. During Phase II of this study, the details of organizational structures necessary to achieve greater effectiveness, efficiency and responsiveness will be specified. In addition, administrative processes and procedures will be studied and necessary changes in Federal policies will be identified.

The organizational and administrative arrangements that hold some promise include the following:

1. Adequate planning to minimize disruption in Federal programs during transition to the new organizational structure.
2. The standardization and integration of requirements imposed on State and local governments.
3. Provision of set-asides to appropriate programs to promote the development and maintenance of cooperative efforts.



4. Review of all Federal policies and regulations to reduce unnecessary constraints on other agencies that limit cooperation, experimentation and flexibility.
5. The greater use of "matrix-type" organizational structures at the Federal level for crisis management and policy development.
6. Development of programs to bring Federal, State, and local personnel together for common training and needs assessment.
7. Consolidation of some Federal research and evaluation efforts to undertake more research on the sources of program effectiveness that encompass a range of possible explanations suggested by the human development perspective.
8. Development of "capacities" in the Secretary's Office to undertake planning, program assessment, civil rights compliance activities, on a cross-cutting basis.
9. Provision of technical assistance from a human development perspective.
10. Extension of the Aid to All Handicapped requirement for individualized needs assessments. These could include linkage statements and a comprehensive "treatment" plan as well.
11. Development of mechanisms for increasing State and local and private agencies access to Federal policy-making and management activities.

B. Two Cabinet Departments Instead of One

Do the programs now in DHEW that would not be included in a broadly based department comprise a viable Cabinet-level department? The answer to the question is yes. The major DHEW programs that would not be included in a new department are listed below:

Major DHEW Programs That Would  
Not Be Included In Broadly Based Department

<u>Agency</u>	<u>FY 1978 Budget (millions of \$)</u>	<u>Estimated Personnel</u>
Health Care Finance Administration	40,400	4,450

Social Security Administration	110,000	80,000
National Institutes of Health	2,825	11,545
Federal Drug Administration	283	7,829
Health Resources Administration	830	2,135
	<hr/>	<hr/>
TOTALS	<u>154,338</u>	<u>105,959</u>

There is no question that the health and income security programs discussed here would, in themselves, meet every known criteria for Cabinet status. The more internally coherent program alignments of this second new department make consolidations of certain programs outside DHEW more sensible and feasible. Programs dealing with various aspects of income security whose effectiveness and efficiency might be enhanced by consolidation with health finance and income assistance programs (or welfare reform) include: ERISA, unemployment compensation, Workman's Compensation, and housing subsidies to low-income families.

The desirability of such restructuring, however, has not been studied and is dependent on -- among other things -- the findings of a number of studies now underway by the President's Reorganization Project. Nevertheless, the establishment of new department dealing with education and human development, in effect, raises such additional opportunities for realigning the major programs of existing Cabinet departments.

One consequence of establishing a new department is, of course, that it increases the number of officials reporting directly to the President. Two considerations may mitigate this disadvantage.

First, each of the two departments would be among the largest and most programmatically complicated and diverse of Federal agencies. The budget for FY 1978 for health and income security would have been far larger than for any other domestic departments and agencies. Whether one measures by expenditures, diversity of programs, the constellation of education and human development programs would be one of the major departments.

Second, the new broadly based department gives greater visibility and status to policy areas where the President has indicated the need for major new initiatives that will present extraordinary design and implementation problems.

### C. Final Comments

Improving the effectiveness and efficiency of education and other human development programs requires an organizational structure which would promote the following types of behavior among its agencies and personnel: comprehensive and responsive problem definition; integrative, cooperative and interdepartmental policy development and program design; and adaptive and flexible program administration. A broadly based new department is more likely than either a narrow Education Department or DHEW to promote the attainment of these objectives.

At the same time that comprehensive responses to human needs are facilitated, it is essential that the various complexities of problems be dealt with expertly and that compromise and superficiality not be the solution of conflict and demands for holistic treatment of problems.

The new department, would in fact, be responsive to the concerns that human services integration may obscure essential scientific, intellectual, and political peculiarities of particular issues because it would facilitate an understanding of the various dimensions of educational and social problems. It would also increase the likelihood of cooperative and collaborative action while respecting the skill and knowledge of professionals and the capabilities of existing institutions. Moreover, this new department may encourage Federal strategies for promoting human development that recognize the relative strengths of different levels of government.

This paper has not argued that an Education and Human Development Department would assure these organizational principles and commitments, but such a department is more likely than a narrow Department of Education or a reorganized DHEW to facilitate movement in this direction. There should be no illusion that the achievement of a well-integrated, responsive and adaptive mechanism for structuring education and human development programs will be easy.



## APPENDIX C

### PRELIMINARY ANALYSIS OF EDUCATION RELATED PROGRAMS AS CANDIDATES FOR CONSOLIDATION

#### Table of Contents

	<u>Page</u>
I. Introduction	1.
II. Criteria for Consolidating Education Related Programs	2.
III. Overview of Tentative Conclusions	3.
IV. Description of Candidates for Consolidation	4.
A. Postsecondary Student Assistance	4.
B. Science Education Programs (NSF)	5.
C. Office of Civil Rights	6.
D. Head Start and Title XX	7.
E. Training Programs (Labor)	8.
F. Child Nutrition Programs (Agriculture)	11.
G. Juvenile Delinquency Prevention (Justice)	13.
H. Indian Education (Interior)	14.
I. Arts and Humanities Endowments	15.
V. Conclusion	17.

PRELIMINARY ANALYSIS OF EDUCATION RELATED  
PROGRAMS AS CANDIDATES FOR CONSOLIDATIONI. INTRODUCTION

A decision about the best overall structure for education and related programs depends in large part on the extent of potentially beneficial consolidation of programs that are related to education and the extent to which the benefits of consolidation outweigh the costs. This Appendix summarizes the results of the preliminary analysis of the advantages and disadvantages of consolidating certain Federal education programs with those of the Education Division of the Department of Health, Education and Welfare (DHEW).

We have identified three alternative structures for organizing education related programs:\*

- A. A Cabinet-level Department of Education.
- B. A broadly based Cabinet-level department encompassing education and human development programs.
- C. A strengthening of the Division of Education within DHEW.

Candidates for consolidation in these structures analyzed here include:

- A. Postsecondary student assistance.
- B. Science education programs of the National Science Foundation.
- C. Office of Civil Rights.
- D. Head Start and day care.
- E. Training programs of the Department of Labor.

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\* The evaluation of the comparative merits of these structures is summarized in the decision paper and examined in greater detail in Appendix B.

- F. Child nutrition programs of the Department of Agriculture.
- G. Juvenile delinquency prevention programs of the Department of Justice.
- H. Indian education programs of the Department of Interior.
- I. The Arts and Humanities Endowments.

It should be noted that the programs in the Office of Human Development Services (OHDS)\* in DHEW, except for Head Start and day care, are not described in this Appendix. The relationship of OHDS to education programs and the need for developing more effective linkages between education and these human development services are fundamental to the rationale for the creation of a broad new department (structural alternative 2). This rationale, including specific examples of the existing and potential linkages between education and human development services is provided in Appendix A.

## II. CRITERIA FOR CONSOLIDATING EDUCATION-RELATED PROGRAMS

In assessing the desirability of grouping programs, we have been guided by several considerations:

1. Do the programs impact on similar clients or target groups and would linking them contribute to the coherence, comprehensiveness, and effectiveness of education and related policies?
2. Would linking the programs enable a greater potential than now exists for the delivery of better services to the clients of Federal education programs?
3. Would linking the programs facilitate Federal support of innovation in local education policies?

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\*OHDS administers DHEW's social services programs. These programs include the Title XX social services programs, and the vocational rehabilitation, older American, and Head Start programs.

4. Do or could the programs use similar facilities and technologies for service delivery which offer realizable economies from consolidation?
5. Would consolidation of any or all of these programs facilitate the transfer of successful approaches and techniques to weaker programs and provide policy-makers and/or consumers with more program options?
6. Would the effectiveness of programs with which the realigned programs were previously associated be reduced?

### III. OVERVIEW OF TENTATIVE CONCLUSIONS

On the basis of our preliminary analysis, it appears that the components of a narrowly based Department of Education should include the following: the present Division of Education; certain curriculum and institutional development and educational technology programs of the National Science Foundation; some additional postsecondary student assistance programs (but not Veterans Administration aid); nutrition education programs; and the education-related activities of the Office of Civil Rights.

Each of these activities, however, would be as effective or, in most cases, more effective if they were located in a broadly based department encompassing both education and human development programs. In addition, Head Start, day care, some training activities, the juvenile delinquency prevention program, plus the programs in OHDS, could benefit by being placed in a broad based department. Furthermore, to the extent that an argument can be made for linking the Arts and Humanities Endowments, Indian schools and child nutrition programs with education, the case is strongest when the holding agency is a department which could encompass a broad range of problems.

A strengthened Division of Education within DHEW reasonably might add to its current functions some student assistance programs, curriculum, institutional development and education technology activities of the National Science Foundation, and nutrition education. All of these additions, as noted, would be appropriate to the other two options as well.



#### IV. DESCRIPTION OF CANDIDATES FOR CONSOLIDATION

The following subsections of the Appendix summarize the conclusions reached with regard to each program. In addition, position papers on each program are available.

##### A. Postsecondary Student Assistance Programs

There are 40 programs that provide direct student assistance and have a total budget of \$2.8 billion. \$2.5 billion of the total is paid by the Veterans Administration (VA) in its three grant programs.

Upon considering the advantages and disadvantages of consolidation, the education study team has not recommended a transfer of VA assistance. The programs are related to the other veterans' benefits distributed by VA counselors, and college student aid administrators report that their problems with these programs are minor or correctable without transferring them to an education agency. With the possibility then of loss to the VA benefit system and only marginal potential gain from consolidation, the cost of political opposition to a new department from veterans constituency groups that would likely be incurred would not lead to much benefit.

Of the remaining 37 programs, consolidation of some of them with existing Office of Education programs would reduce fragmentation and administrative paperwork, encourage equity in the level of funding provided, and assure better coordination with Federal income maintenance programs. Thirteen of these programs with budgets totaling \$165 million would derive the greatest benefits from consolidation and should be studied more extensively. These 13 programs are:

<u>Program</u>	<u>FY 78 Budget Estimate (in thousands)</u>
Indian Education - Colleges and Universities/Department of Interior	\$26,908
Nursing Scholarships/DHEW	\$ 9,000
Nursing Student Loans/DHEW	\$ 0
	\$20,000 House

<u>Program</u>	<u>FY 78 Budget Estimate (in thousands)</u>
Minority Access to Research Careers/DHEW	\$34,600
Law Enforcement Education Program (LEEP)/Department of Justice	\$30,000
Law Enforcement R&D Graduate Fellowships/ Department of Justice	\$250,000
Employment and Training Research - Doctoral Dissertation Grants/ Department of Labor	\$600,000
Educational Exchange - Fulbright Hays Program (Graduate Students)/ Department of State	\$ 3,000
Minority Institutions Graduate Traineeships/ National Science Foundation	\$ 1,000
Graduate Fellowships/NSF	\$11,400
Air Pollution Control Fellowships/Environmental Protection Agency	\$0 (\$600 Conf.)
Water Pollution Control Fellowships (State and Local)/Environmental Protection Agency	\$0 (\$600 Conf.)
National Health Service Corps Scholarship Program	\$40,000

B. Science Education Programs in the National Science  
Foundation

Over the past 18 years, the National Science Foundation (NSF) has assumed responsibility for the development of

technology and science-related programs, including manpower development, institutional support, curriculum development, and research. These programs represent a Federal investment of approximately \$70 million each year.

In our preliminary review of NSF and Education Division programs, we have concluded that any of the three umbrella structural alternatives should assume administrative responsibility for a number of programs currently administered by NSF. However, the basic research relating to education, research fellowships, and highly technical college-level science curriculum development programs now administered by NSF should not be moved.

The Education Division of DHEW supports an equal, if not larger, number of technology and science-related activities through its various State-grant and discretionary grant programs. The Office of Education supports institutional grant programs, e.g., Development Institutions, which have objectives similar to those support programs for predominant minority institutions administered by NSF. The Fund for the Improvement of Postsecondary Education in DHEW provides grants similar to grant supports within NSF's undergraduate assistance program. Information assistance programs in NSF relate closely to the dissemination responsibilities of the Office of Education and the National Institute of Education.

The Science Research and Development programs, as well as the Science Manpower programs, also relate to functions within the Education Division in DHEW. They are, however, closely associated with the more narrow and traditional NSF role and mission of stimulating the development of scientific talent.

#### C. Office of Civil Rights

The Office of Civil Rights is responsible for enforcing policies and rights against racial, ethnic and sex discrimination and employment discrimination against Indians, addicts and the handicapped mandated by several statutes and executive orders. The Office is estimated to have spent \$31 million in FY 1977. About three-fourths of these activities center on education.

The education study team and the civil rights study team are both studying the administration of the Office of Civil Rights. At this stage, the education study team believes that if a new Cabinet-level department were established, the education-related activities of the Office of Civil Rights should be transferred to that agency and report directly to the Secretary. In the Phase II analysis, we will work with the civil rights study team and address the question of whether the Office of Civil Rights should be restructured if education is retained as a primary function of DHEW.

D. Head Start and Title XX Programs

Head Start and Title XX programs in OHDS fund early childhood services. These services are similar to the following programs in the Education Division of DHEW: Title I, handicapped, Indian, migrant and demonstration programs for preschool children. Head Start funded 1,233 programs in FY 1976 serving 333,800 children at a cost of \$454.5 million, and Title XX served some 675,000 children at a cost of \$566.2 million. Both programs are broader in objectives than the Education Division programs and provide related social services.

In general, the advantages and disadvantages of consolidating Title XX and Head Start programs with the Education Division programs are sufficiently similar that a discussion of consolidation of Head Start may illustrate the issues in consolidating either program with education. One of the underlying objectives of Head Start is to increase children's ability to benefit from school. Although the placement of Head Start within a narrowly based department would seem to increase the likelihood of benefit from this link between preschool and school experiences, any actual improvement in academic success in school has not been measured. More importantly, Head Start has numerous objectives that go beyond the cognitive development objectives stressed by most schools. It is becoming the cornerstone of a comprehensive, family-based approach to the delivery of social services of OHDS and the primary model for delivering such services to preschool children.

The transfer of Head Start to a narrowly based Department of Education would be likely to cause the loss of this special identity, deemphasize its broader objectives, and weaken the ties between Head Start and other social services. It would become a preschool education program run by educators in school facilities rather than a community development tool and its opportunity to stimulate change in the educational system would be lost.

Thus, if one wants to maintain the broad program orientation of Head Start and to protect its potential for encouraging change in schools, it should not be placed within either a Department of Education or a strengthened Education Division of DHEW. Assuming, however, that a broadly based department concerned with human development and education would encompass most of the programs administered by OHDS, Head Start would be appropriately located in such a new department.

We should add that the evidence suggests that no money would be saved by transferring Head Start to a narrow Department of Education. School-based Head Start programs are at least as expensive per child as other types of programs. Further, there appear to be no appreciable differences in the long-term impact on children's cognitive ability between school-based and other Head Start programs, although the research is spotty on this point.

Our analysis suggests that if one cannot make a case for locating Head Start in a narrowly based Department of Education, a case cannot be made for including day care programs. This judgment is reinforced by the linkages between day care, and social services which one should not risk severing.

#### E. Training Programs of the Department of Labor

To reduce unemployment, especially among the less educated and most economically disadvantaged, the Federal Government supports numerous employment and training programs scattered among many agencies. The bulk of the rehabilitation programs are in DHEW and the VA, and programs administered by the Department of Labor (DOL): the Comprehensive Employment and Training Act of 1973 (CETA), including amendments made by the Youth Employment and Demonstration Projects Act of 1977 (YEDPA) and the Work Incentive Program (WIN).

Some of these DOL training programs should be candidates for consolidation with education programs in a new Department of Education.

At the center of the DOL employment programs is CETA. These programs vary in the relative emphasis placed on explicit socialization, remedial education, social and labor market services, specific skill training and actual employment. For persons who are unemployed because of changes in technology or because their skills are otherwise no longer needed, or who have appropriate skills but are out of work because of economic conditions, short-term skill training and employment are appropriate remedies. For persons who are "structurally unemployed," however, the efficacy of various specific policies and the proper mix of services and experiences are in considerable dispute.

The present program structures and guidelines appear to have contributed to a deemphasis of the training elements of CETA programs and a tendency for prime sponsors (state and local governments that administer CETA programs) to provide jobs to those who are otherwise most employable. In times when the economy is relatively weak, one would expect the DOL and prime sponsors to stress job creation, employment, and short-term, specific skill training.

To the extent that it is desirable to strengthen the education, general preparation for work and social service dimensions of training, however, those elements of the CETA program that place primary emphasis on remedial education and non-technological aspects of preparation for employment - such as much of Title III and parts of Titles I and IV of CETA - would be administered best in a broadly based department concerned with education and human development. Our estimate, based on the very rough figures available, is that such activities account for 16-20 percent of CETA expenditures.

Such a strategy could lead to a more complete use of public facilities and personnel, particularly those associated with vocational education, although such savings probably will not be substantial and could be achieved without program transfers. A transfer of training programs to a broad new department would strengthen education and social service aspects of

training on the policy development and advocacy side. Such a move should also result in more aggressive enforcement of the legislative intent and administrative regulations that emphasize the need for more comprehensive training. This could occur without substantially constraining the authority of prime sponsors to determine the type of training needed and the institution that would do the training. Indeed, such discretion is essential to whatever role training programs might have in fostering greater responsiveness to the needs of persons most likely to be among the structurally unemployed. The consequence of such a transfer could be to emphasize and provide incentives for acting on the responsibility education has for maximizing employability.

Moving CETA training-education programs from DOL would not seem to affect the current capacity or willingness to link training-education with jobs. Vocational education programs seem to make as extensive use of labor market information as do CETA programs. Although comparative success of current training and vocational education programs in long-term placement of students is not determinable from existing data, many experts believe that the training programs often lead only to short term employment and continued reentry of trainees in training programs.

There are two much more significant disadvantages to consolidation of some training programs with education. First, it is likely that a reorganization of this sort would be opposed by organized labor. However, the types of programs that would be transferred to a new department do not appear to be as important to labor groups as those activities that would not be affected. Second, relocating some training programs in a new department could result in requiring prime sponsors to work with two Federal departments and might evoke political opposition from sponsors.

With these caveats, one may wish to consolidate some training programs in a broad Department of Education. It does not seem desirable, however, to move training programs to a strengthened Division of Education within DHEW since such a move would add substantially

to the diversity of programs already encompassed by DHEW. There are at least three reasons why it is appropriate to place some training programs in a broad department but not in a narrowly based department focused predominantly on formal schooling:

- . First, the predisposition to see all training as best performed under the auspices of schools and in the mold of vocational education would be greatest in a broadly based Department of Education.
- . Second, the possibilities of the success of training programs would seem to be greatest where linkages to a full range of social services, especially health and family services, are greatest.
- . Third, if the establishment of a new broadly-based department occasioned the redistribution of other DHEW programs so that labor interests had a major stake in a department related to income support and employment, the political opposition by organized labor to relocating some training programs might be diminished.

Finally, while we have focused our analysis on CETA, where most of the funds for nonprofessional training are located, there are other training programs that are likely candidates for consolidation. The principles that would be applied to an assessment of the desirability of restructuring these other programs are implicit in our consideration of CETA.

F. Child Nutrition Programs of the Department of Agriculture

The Food and Nutrition Service (FNS) of the Department of Agriculture administers several food assistance programs for children through the schools and is initiating expanded nutrition education efforts under the Child Nutrition Act of 1977. The food assistance programs include the School Lunch Program, School Breakfast Program, Summer Food Service Program, Special Milk Program, Supplemental Food Program for Women, Infants and Children (WIC), and commodity assistance, administered in most instances by state education agencies. These programs spent \$2.8 billion



in FY 1977, \$2.0 billion of which paid for meals and milk to low-income families. The nutrition education efforts which have been focused in WIC, the Agricultural Extension Service, and other programs separated from curriculum development and teacher training, will be expanded next year and spend approximately \$25 million.

Both these food provision programs and the burgeoning nutrition education efforts were examined as candidates for consolidation with education programs. Our tentative judgment is that food provision programs would benefit by relocation to a broadly based department, encompassing education and human development, but not a narrowly based one. However, if further study indicates that this latter move would result in substantial costs to the commodity programs that could not be absorbed, the apparent desirability of this reorganization would warrant reconsideration.

On the other hand, since the effectiveness of nutrition education programs would be maximized as a result of linkages to health, social service, and education programs, they should be consolidated with the Education Division of DHEW or with a broadly based Department of Education.

Even though criticisms of the administration of FNS programs have been made, consolidating nutrition programs within any of the three structural options has two costs. First, there is a potential loss of support for the program. Some officials with a special commitment to nutrition seem to fear that transfer to a Department of Education would result in less funding for nutrition programs because most educators do not give sufficiently high priority to nutrition. Second, consolidation would have an uncertain impact on the commodity management objectives of the Department of Agriculture. It could also hamper the purchase of food commodities by the food distribution programs, which underlies the support of food distribution by agricultural interests. This possibility would probably provoke substantial political opposition to any Department of Education proposal.

For these reasons, better linkages short of structural reorganization seem the appropriate course at this time if a narrowly based Department of Education is the option considered most desirable on other grounds. Since the nutrition programs reach well beyond the needs of children in schools, a strong case can be made for placing them in a broadly based department dealing with education and human development. Similarly, social service integration goals would be attained by moving these programs to DHEW, although that Department may not be able to absorb so large a program without exacerbating the already heavy demands on leadership.

Since the nutrition education programs are expanding and linkages to education are more essential for the development of curricula and training of manpower, these problems are not as severe for nutrition education programs and the potential benefits for consolidation are clearer and greater. These programs should be strong candidates for consolidation in a broadly based department or placement within the Education Division of DHEW.

G. Juvenile Delinquency Prevention Program of the Department of Justice

The juvenile delinquency prevention program in the Law Enforcement Assistance Administration of the Department of Justice implements programs under the mandate of the Juvenile Justice Act of 1974 to prevent juvenile delinquency, divert juveniles from institutions, and to support community alternatives to institutions. The program funded discretionary grants of \$27.4 million in FY 1977.\* A relatively small amount of this total is used for training of police officers and social service workers.

As the target population of this program is largely school-age teenagers who have usually dropped out or been removed from the classroom, the client population of the program is somewhat similar to that of several programs in the Division of Education in DHEW, e.g., special education programs for those

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\* The same Office also funded formula grants of \$47.6 million, but these funds were not as directly concerned with juvenile delinquency training.

with learning disabilities in the Bureau of Education for the Handicapped (BEH). Some programs in BEH seek the same objective of returning children to the normal classroom. The research interests of BEH and of the juvenile delinquency prevention program also overlap to some degree. Finally, if one is willing to assume a significant correlation between poverty and learning disabilities and delinquency, certain compensatory education programs of DHEW target the same young people as the juvenile delinquency programs. One can thus make some case for consolidation of the juvenile delinquency prevention program with a Division of Education with DHEW or a Department of Education.

On the other hand, there is some hesitation on the part of the officials of the juvenile justice program to embrace the school as they think that schools fail and are unwilling to assist the young people who have arrived in the juvenile court system. The juvenile delinquency program officials feel that the program must concentrate on developing community alternatives to institutionalization because the schools are not serving this purpose. There would thus be considerable resistance to consolidation from the juvenile justice program and the constituency groups which passed the Juvenile Justice Act of 1974, e.g., the Red Cross, Boys Clubs, Salvation Army, YMCA, etc.

One could, however, make a far stronger case for inclusion of juvenile justice within a broad department which would also include the youth programs of OHDS. A broad department would have the same orientation to the provision of supportive social services to youth and families that guides the community work supported by the juvenile delinquency prevention program.

#### H. Indian Education Programs of the Department of Interior

Primary responsibility for education of American Indians is divided between the Office of Education in DHEW and the Bureau of Indian Affairs (BIA) in the Department of Interior. BIA supports several education programs at the following costs: (1) operation of BIA schools, \$159.8 million; (2) payments to public schools for supplementary services for Indian children residing on reservations, \$31.4 million;

(3) higher education, \$35 million; and (4) adult education and vocational training, \$17.9 million.

There is considerable overlap of function and mission between the Indian School program in the Department of Interior and the Bureau of Indian Affairs in the Office of Education (OE). Moreover, in spite of heavy expenditures per child, Indian children generally lag far behind other young people in academic achievement. Therefore, it may be desirable for Indian schools to be relocated ultimately in whatever larger entity encompasses the Office of Education.

Our preliminary analysis suggests, however, that this is not the proper time for such a move, primarily because it would detract from the overall development of stronger Indian communities. The goals of the Indian Self-Determination Act of 1974 would be undermined by the transfer of Indian schools to OE. Such a consolidation could result in short-term disruption and readjustment of linkages, create uncertainties about objectives and programs, and - most importantly - weaken the possibilities that schools could become the focal points for human service delivery and the development of leadership cadres in Indian communities.

This justification for not consolidating Indian education at this time will lose merit over time. Moreover, it would have substantially less merit if Indian schools were to be placed in a broadly based department concerned with education and human development. Such a department would encompass a range of programs that serve the needs of Indians. Its focus on integrated, community-based delivery of services seem consistent with recent legislation aimed at strengthening Indian communities.

#### I. Arts and Humanities Endowments

The National Endowments for the Arts and Humanities have been included in some proposals for a Department of Education, e.g., Senator Ribicoff's bill. They spent, respectively, \$123 and \$111 million in FY 1977 on grants supporting their cultural mandates. Proponents of their inclusion in a Department of Education

argue that education in the arts and humanities should be encouraged in school curricula and that education programs would benefit substantially.

Assuming that no drastic changes in the Endowments' mission and methods of operation are anticipated by the President, we can find no compelling reason for transferring the Endowments from their present status to any of the three structural options. We see no cost savings or reductions in program duplication and no increases in the effectiveness of existing Endowment programs resulting from consolidation.

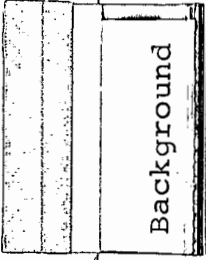
If, however, major policy redirection is seen as desirable, a case can be made for locating the activities of the Endowments within a new department. If one were to conclude that the policies and programs of the Endowments should give greater emphasis to the contribution that the arts and humanities can make to the development of children, then linking the Endowments more closely to education might be in order.

Perhaps the strongest argument for some form of consolidation, but also the most speculative, is that placing the Endowments and most education programs within the same decision-making process will encourage broader views of educational objectives and ways they might be attained. This possibility would be greatest in a broadly based department encompassing a range of human development activities. Here, the arts and humanities programs would be among several education-related programs with different approaches to schooling that might shape thinking about educational policy. Moreover, the strength and purpose of the Endowments would be less likely to be undermined or deemphasized in a broad than a narrow department. It is easier for relatively small programs to maintain their identity in functionally diverse organizations than in organizations serving more narrow constituencies that have histories of approaching problems in specific ways. At the same time, moving the Endowments to the Division of Education seems to have the same disadvantages as a move to a narrow Education Department. It would increase further the diversity of DHEW programs substantially and decrease the visibility and status of the Endowments.

## V. CONCLUSION

The preceding analysis embodies the proposition that the decision to locate programs in a Department of Education or in a more broadly based department encompassing a range of human development activities is not simply a matter of degree. "Narrowly based" and "broadly based" departments have very different justifications. In a department encompassing a broad range of programs, one would expect (1) diversity to be respected, (2) no dominance by either provider or consumer clientele, and (3) a meaningful range of programs with related human development goals that would compete for resources. This, in turn, can increase the flexibility of the departments' response to human needs as well as foster intradepartmental coordination. Moreover, as the Head Start example indicates, many programs are parts of larger constellations of programs that must also be included in reorganization if the overall effectiveness of the programs involved is to be enhanced and their integrity preserved.

The programs we have analyzed do not, of course, comprise an exhaustive list of the education-related programs that might be consolidated. However, except for the Department of Defense overseas dependents' schools, we have looked at the major program areas most often mentioned for inclusion in a Cabinet-level Department of Education. As a result of our analysis in Phase II of this study, we will examine the desirability of linking additional programs more closely with education. While we would expect this analysis to suggest additional candidates for reorganization, we believe that the range and relative size of the programs examined here engage most of the issues that might affect the President's decision whether to establish a Department of Education.

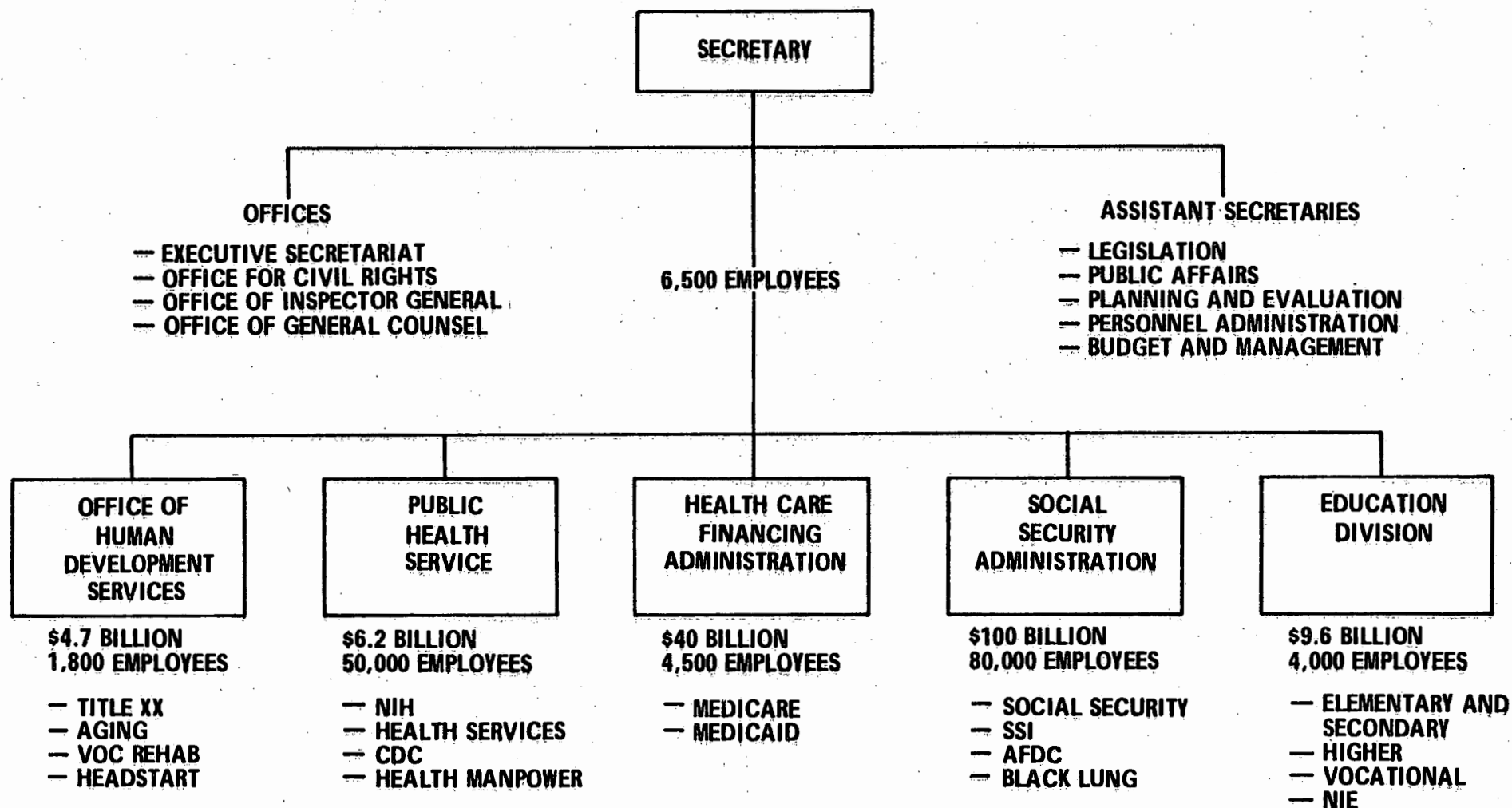






**DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE**

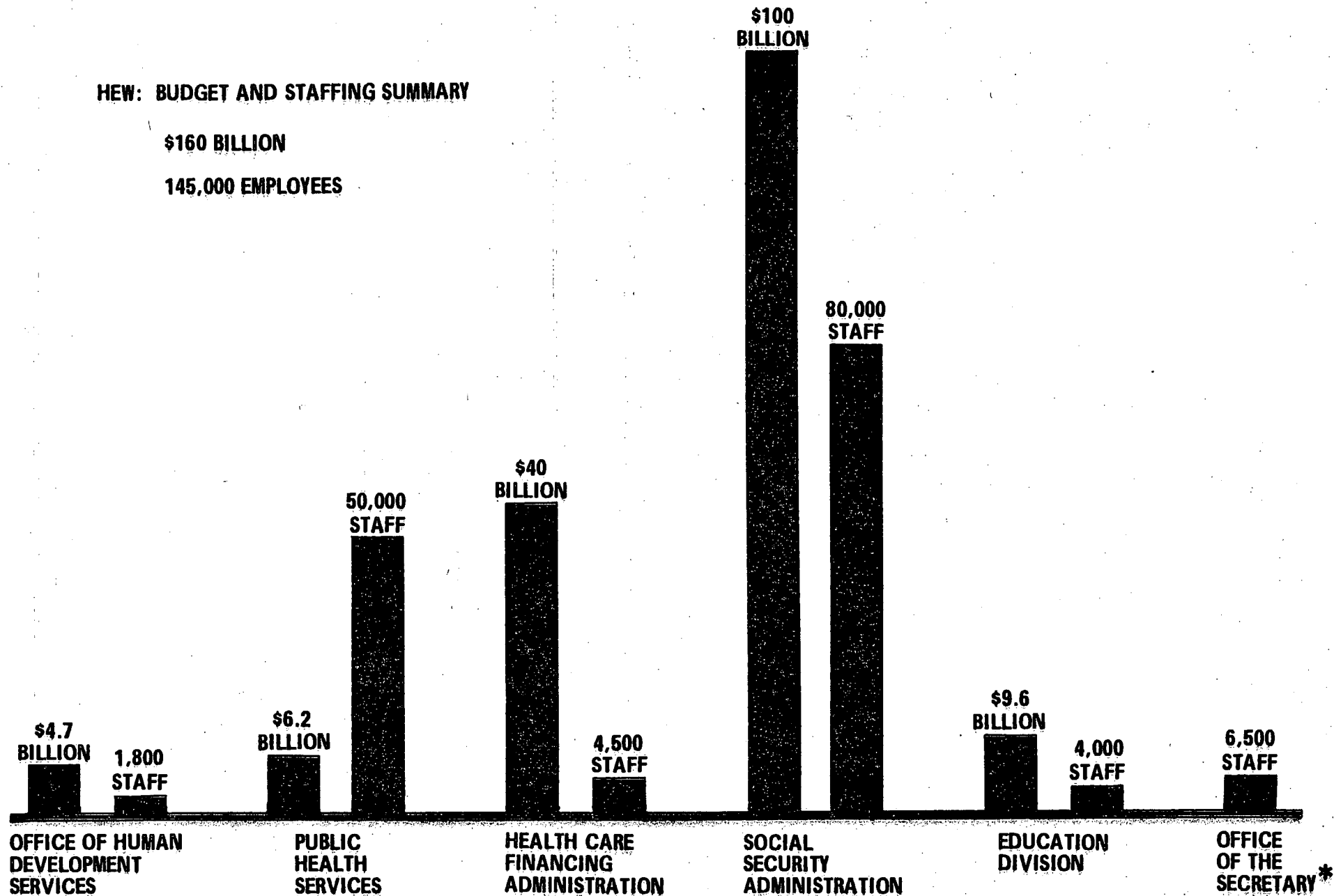
**\$160 BILLION**  
**145,000 EMPLOYEES**



**HEW: BUDGET AND STAFFING SUMMARY**

**\$160 BILLION**

**145,000 EMPLOYEES**



**\* NO BUDGET IDENTIFICATION**

**EDUCATION DIVISION**

**\$9.6 BILLION**

**4,000 EMPLOYEES**

**ASSISTANT  
SECRETARY**

**NATIONAL  
INSTITUTE  
OF EDUCATION**

**(\$90 MILLION)**

**FUND FOR THE  
IMPROVEMENT OF  
EDUCATION**

**(\$12 MILLION)**

**NATIONAL  
CENTER FOR  
EDUCATION  
STATISTICS**

**(\$15 MILLION)**

**MUSEUM  
SERVICES  
INSTITUTE**

**(\$4 MILLION)**

**OFFICE OF EDUCATION**

**BUREAU OF  
STUDENT  
FINANCIAL  
ASSISTANCE**

**(\$3.5 BILLION)**

- BASIC EDUCATION
- OPPORTUNITY GRANTS
- STUDENT LOANS
- HEALTH PROFESSIONS

**BUREAU OF  
HIGHER AND  
CONTINUING  
EDUCATION**

**(\$350 MILLION)**

- INSTITUTIONAL ASSISTANCE
- SUPPLEMENTAL PROGRAMS
- COMMUNITY SERVICES

**BUREAU OF  
ELEMENTARY AND  
SECONDARY  
EDUCATION**

**(\$4.6 BILLION)**

- TITLE I
- BILINGUAL
- IMPACT AID
- DESEGREGATION ASSISTANCE
- LIBRARIES

**BUREAU OF  
INDIAN  
EDUCATION**

**(\$59 MILLION)**

- GRANTS TO LOCAL AGENCIES
- CHILDREN
- ADULTS

**BUREAU OF  
OCCUPATIONAL  
AND ADULT  
EDUCATION**

**(\$733 MILLION)**

- STATE GRANTS
- RESEARCH
- TRAINING

**BUREAU OF  
EDUCATION FOR  
THE  
HANDICAPPED**

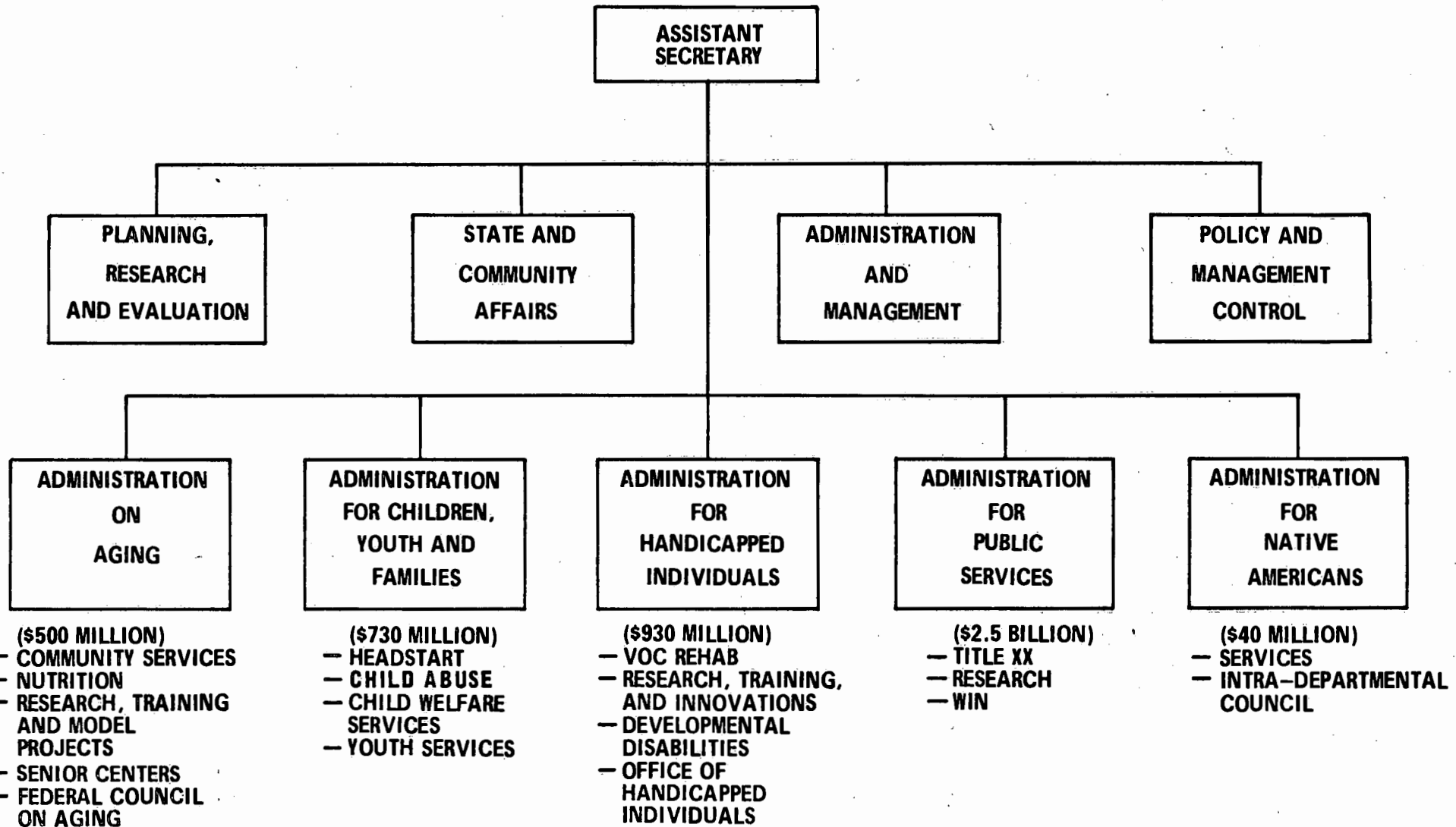
**(\$600 MILLION)**

- STATE GRANTS
- RESEARCH
- TRAINING

**OFFICE OF HUMAN DEVELOPMENT SERVICES**

**\$4.7 BILLION**

**1,800 EMPLOYEES**



POLITICAL PERCEPTIONS OF  
HEW AND AN EDUCATION DEPARTMENT

Earlier this year Pat Caddell conducted a national poll to determine what the public's attitudes were about various issues related to reorganization. Several of these issues pertained to HEW and the desirability of establishing a separate Department of Education. Questions that were asked about these issues and the public responses to them follow.

1.

Please look at this card. (HAND RESPONDENT THE CARD) Could you please tell me which of these programs do you think most needs to be reorganized to run more efficiently? Which is second? Which is third?

	1st	2nd	3rd	Total
	15%	13%	11%	39%
Energy area	16	19	15	50
Health care	11	11	13	35
Education	7	8	9	24
Labor programs	29	17	13	59
Social service programs to poor	3	5	7	15
Foreign policy	5	7	8	20
Defense	1	2	3	6
Business programs				

2.

As you probably know, the Department of Health, Education and Welfare is the largest domestic department. Although many people focus on the welfare area, actually HEW has 118 programs that deal with non-income, non-welfare areas like day care, employment training, mental health, drug abuse and the elderly.

Some people say that the "education" part of HEW should be spun off and made a separate department -- a Department of Education -- that would include the education functions presently handled by HEW as well as the many other education programs which are handled by other agencies. At present, the government spends \$20 billion on 200 education-related programs through 20 different agencies. These people argue that such a department would be more effective, would reduce the size of HEW and would give proper prominence to a critical area that is often related to a back-burner behind health and social welfare programs.

Others say such a separate department would be a bad idea, that such a department would fall under the influence of teacher groups and unions and that education is properly one of the social areas that should be coordinated with other government health and social programs. Do you feel a separate Department of Education is a good idea or not?

Good idea	55%
Don't know	24
Not a good idea	21

3.

Another suggestion has been to enlarge the Department of Health, Education and Welfare by bringing in manpower training and different education programs from other agencies. The idea would be to have a Department of Health, Education and Welfare modeled on the Defense Department with an overall Secretary of HEW or Human Resources -- and separate Secretaries for Health, Education, and Welfare just as there are Secretaries of the Army, Navy, and Air Force in the Defense Department. Some think this would be a good idea to put all of Human Resources into a "super" department. Others say that would be a bad idea, that the problem of HEW is that it is too big already and too inefficient and that such a plan would only make things much worse. Do you think modeling HEW after the Defense Department would be a good idea or not?

Good idea	26%
Don't know	33
Bad idea	41

4.

Would you agree or disagree: If the result of reorganization were to make the Department of Health, Education and Welfare bigger, that would prove reorganization is not going to work.

Agree	38%
Don't know	28
Disagree	35



## OPTION 1: NARROW DEPARTMENT

	BUDGET	STAFF
USDA NUTRITION EDUCATION	\$27M	35
NSF SCIENCE EDUCATION	\$20M	40
HEW EDUCATION DIVISION	\$9.6B	4,000
TOTAL: \$9.65B		4,075

### ● ADVANTAGES

- INCREASES VISIBILITY OF EDUCATION PROGRAMS AND TOP LEVEL ATTENTION TO EDUCATION ISSUES
- INCREASES TIME FOR SECRETARY OF H(E) W TO MANAGE HEALTH, INCOME SECURITY, AND SERVICE PROGRAMS
- RESPONDS TO CAMPAIGN COMMITMENT

### ● DISADVANTAGES

- INCREASES NUMBER OF ISSUES THAT REQUIRE PRESIDENTIAL ATTENTION
- INSULATES EDUCATION FROM OTHER RELATED PROGRAMS
- RAISES EXPECTATIONS TO CREATE OTHER CONSTITUENCY-BASED DEPARTMENTS (HEALTH, ENVIRONMENT)



## OPTION 2: BROAD DEPARTMENT

### BUDGET STAFF

HEW HEALTH SERVICES	\$1.6 B	500
USDA NUTRITION EDUCATION	\$30M	35
NSF SCIENCE EDUCATION	\$20M	40
ACTION OLDER VOLUNTEERS	\$60M	50
DOJ JUVENILE JUSTICE	\$30M	35
CSA COMMUNITY ACTION	\$380M	700
BIA INDIAN SCHOOLS	\$200M	6,500
DOL TRAINING PROGRAMS	\$1.8B	600
USDA CHILD NUTRITION PROGRAMS	\$3.4B	750
HEW HUMAN DEVELOPMENT SERVICES	\$4.7B	1,800
HEW EDUCATION DIVISION	\$9.6B	4,000

TOTAL: \$22B 15,000 (ESTIMATE)

### ● ADVANTAGES

- INCREASES VISIBILITY OF EDUCATION AND SERVICES PROGRAMS
- REDUCES COMPLEXITY OF HEW, THEREBY ENHANCING MANAGEABILITY OF HEALTH AND WELFARE PROGRAMS
- ENCOURAGES COMPREHENSIVE, COMMUNITY-BASED APPROACHES TO SERVING FAMILIES AND INDIVIDUALS
- IMPROVES OPPORTUNITIES FOR COORDINATING SERVICES AND EDUCATION
- RESPONDS TO CAMPAIGN COMMITMENT

### ● DISADVANTAGES

- REDUCES OPPORTUNITIES TO COORDINATE SERVICES WITH INCOME ASSISTANCE AND HEALTH PROGRAMS
- RESULTS IN TEMPORARY DISRUPTION OF A LARGE NUMBER OF PROGRAMS AND PERSONNEL
- INCREASES THE NUMBER OF ISSUES THAT REQUIRE PRESIDENTIAL ATTENTION

### OPTION 3: STRENGTHEN EDUCATION WITHIN HEW

- CLARIFY ROLES OF COMMISSIONER AND ASSISTANT SECRETARY
- STRENGTHEN AND UPGRADE THE FEDERAL INTERAGENCY COMMITTEE ON EDUCATION

#### ● ADVANTAGES

- MAINTAINS POTENTIAL TO COORDINATE INCOME, HEALTH, EDUCATION, AND SERVICES POLICY
- MINIMIZES DISRUPTION OF PROGRAMS AND PERSONNEL
- CONFIRMS PRINCIPLE OF LIMITED PRESIDENTIAL SPAN OF CONTROL
- IMPROVES ORGANIZATION OF EDUCATION PROGRAMS NOW IN HEW

#### ● DISADVANTAGES

- RETAINS STRUCTURE THAT PLACES HEAVY DEMANDS ON ONE DEPARTMENT
- REDUCES OPPORTUNITIES FOR CROSS-DIVISION REORGANIZATION BETWEEN EDUCATION AND SERVICES, INCLUDING SERVICES PROGRAMS NOW LOCATED OUTSIDE HEW
- DOES NOT RESPOND TO CAMPAIGN COMMITMENT

BUDGET STAFF

USDA NUTRITION EDUCATION	\$30M	35
NSF SCIENCE EDUCATION	\$20M	40
SUBTOTAL	\$50M	75
HEW EDUCATION DIVISION	\$9.6B	4,000
OTHER HEW	\$150B	140,000
TOTAL	\$160B	145,000

# IMPACT OF A NEW DEPARTMENT ON THE STAFF SIZE OF CABINET DEPARTMENTS

## CURRENT

DEFENSE	960,000 STAFF
HEW	145,000
TREASURY	110,000
USDA	85,000
TRANSPORTATION	70,000
INTERIOR	60,000
JUSTICE	50,000
COMMERCE	30,000
STATE	25,000
ENERGY	20,000
LABOR	15,000

## OPTION 1: NARROW DEPARTMENT

DEFENSE	960,000
HEW*	140,000
TREASURY	110,000
USDA	85,000
TRANSPORTATION	70,000
INTERIOR	60,000
JUSTICE	50,000
COMMERCE	30,000
STATE	25,000
ENERGY	20,000
LABOR	15,000
EDUCATION	5,000

\* LESS EDUCATION DIVISION

## OPTION 2: BROAD DEPARTMENT

DEFENSE	960,000
HEW**	137,000
TREASURY	110,000
USDA	84,000
TRANSPORTATION	70,000
INTERIOR	53,000
JUSTICE	50,000
COMMERCE	30,000
STATE	25,000
ENERGY	20,000
BROAD DEPARTMENT	15,000
LABOR	14,000

\*\* LESS EDUCATION DIVISION,  
SOCIAL AND HEALTH SERVICES



## Political Response to Options

### Option 1 - Narrow Department

Favored strongly by the NEA and other elementary and secondary education groups. They believe this option responds to the President's campaign commitment, and argue that though a broader separate department may be theoretically desirable, it is not politically attainable.

Opposed by many congressional figures (including Congressmen Flood, Brademas and Ford) and the higher education community. Congressional leaders argue such a department would isolate education from other social programs; others argue it would not be a true education department since it would not include a number of education-related programs. Higher education groups generally fear such a department would be dominated by elementary and secondary interests. The AFT continues to oppose it. The AFL-CIO has opposed it and is expected to pass overwhelmingly a resolution reiterating its opposition at its upcoming convention. Child advocacy and civil rights groups will also oppose such a department, especially if Head Start is proposed for inclusion.

The opposition to the department is not strong, but it seems unlikely the House would act ultimately on this option unless it has strong Administration backing.

### Option 2 - Broad Department

Supported in concept perhaps by some congressional figures (Congressmen Brademas and Ford and Senator Ribicoff) but opinions on what should be in such a department vary. Consensus is that this department would be extremely difficult to achieve politically. Most interest groups would not be supportive (aging, children), though the handicapped probably would endorse it.

No formal position by the NEA and other elementary and secondary organizations at this time. The NEA does not favor including too many non-education programs in a department, however, fearing this would dilute education's role. They

also insist any new department only be named "education." The NEA believes any education department must be feasible politically. Based on past comments they would probably view this option as infeasible. NEA will oppose adding manpower to any new department because they do not want to fight organized labor. Other groups would oppose it strongly if programs they champion were to be proposed for inclusion in it. Examples include:

- . Labor (CETA training programs)
- . Agriculture (USDA school lunch and breakfast)
- . Veterans (VA student loans)
- . Some poverty groups (community action agencies)

Various congressional leaders allied with these interests can be expected to oppose transferring these programs as well (Senator Williams - training, and Senator Talmadge - school lunch and breakfast).

This option would also probably draw opposition from conservative groups who might fear the department would promote more social programming in schools.

While some congressional concern has been voiced that this option might prompt the House Education and Labor Committee to split into two committees, there is no reason to believe this will happen. If it appeared this would occur, labor would oppose the option since labor legislation would become separated from "more respectable" education bills.

#### Option 3 - Strengthen within HEW

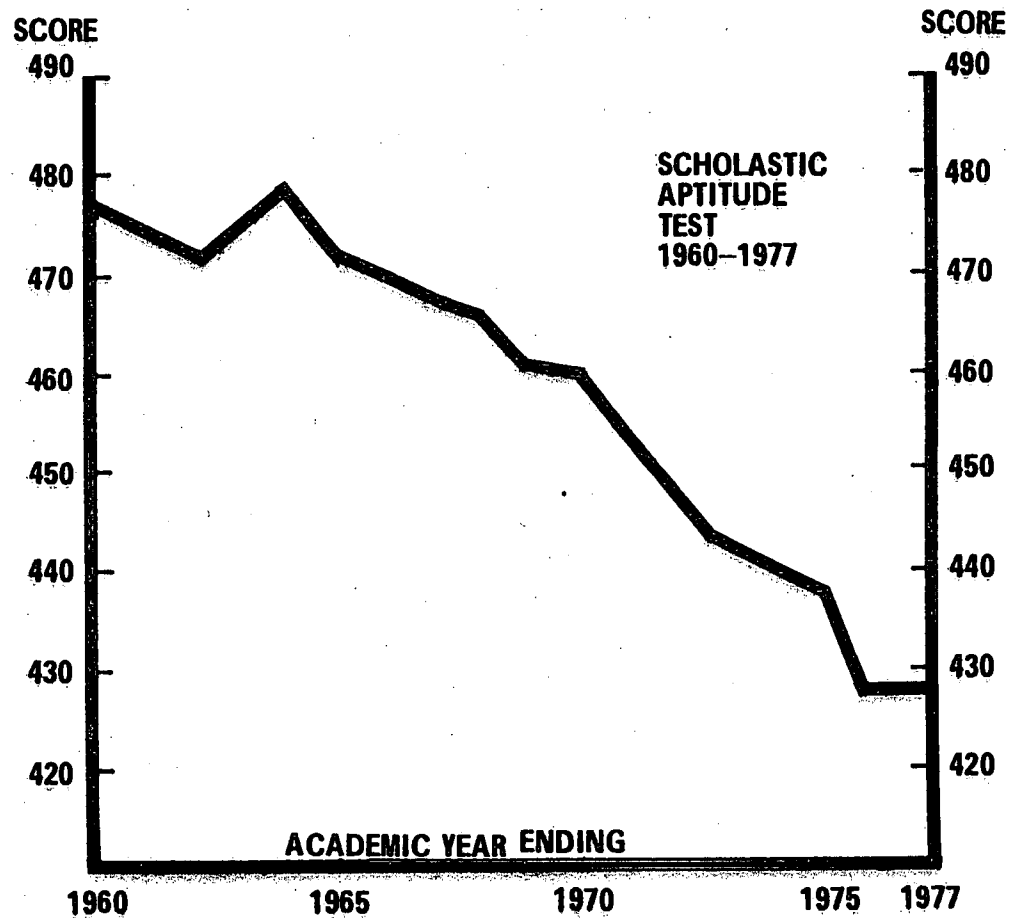
Would antagonize the NEA and other elementary and secondary groups. This would be viewed as reneging on the campaign commitment, and unacceptable for all the reasons they initially argued for a new department. Some congressional figures would be disappointed (Ribicoff, Humphrey, Pell, etc.) feeling that this option will not address the problems in education. Some with no particular interest in education will characterize this as the President not keeping a promise.

Supported by some Congressmen (Flood, Magnuson), some higher education groups, and some interest groups who believe it makes sense to keep all major social welfare-related programs in one department. The AFT and Vernon Jordan also favor this option. This support would not be vocal, however.



## PROBLEMS IN EDUCATION

### 1. DECLINING TEST SCORES



THE WASHINGTON POST

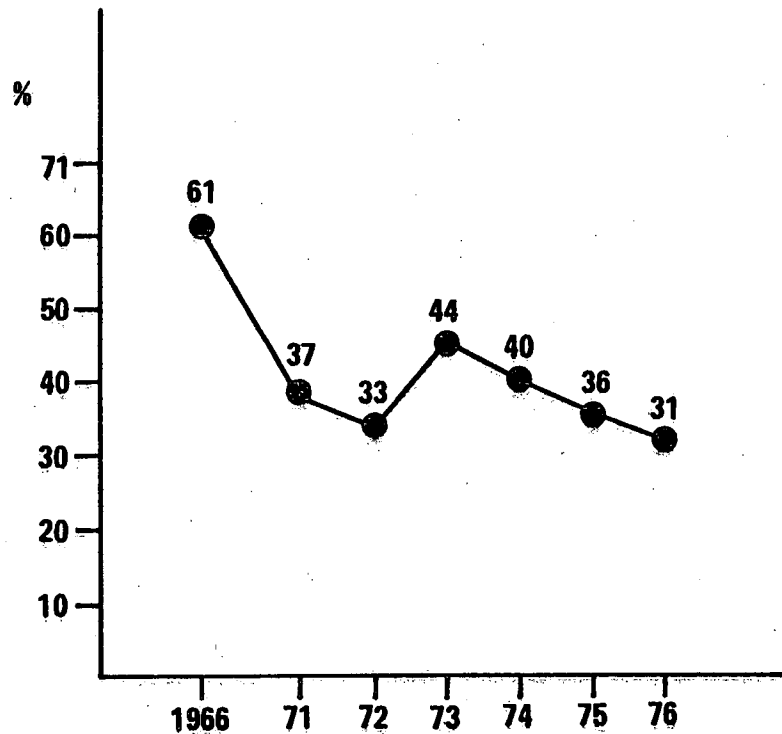
CHART TRACES DECLINE IN SCORES ON  
VERBAL APTITUDE TEST; SCORES ON MATH-  
EMATICAL TEST SHOW A SIMILAR DECLINE.



## PROBLEMS IN EDUCATION

### 2. PUBLIC DISSATISFACTION

"WHAT GRADE WOULD YOU GIVE THE PUBLIC SCHOOLS?"



PERCENTAGES OF PUBLIC STATING THEY  
HAVE "A GREAT DEAL OF CONFIDENCE"  
IN HIGHER EDUCATION

(THE HARRIS SURVEY)

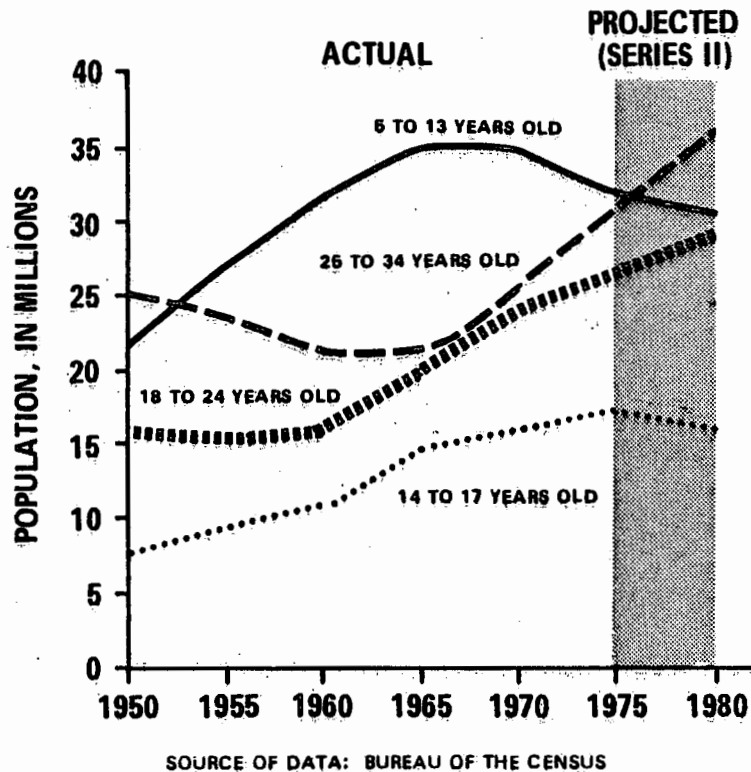
	1974	1975
A	18	13
B	30	30
C	21	28
D	6	9
FAIL	5	7
DON'T KNOW	20	13

(GALLUP POLL)

# PROBLEMS IN EDUCATION

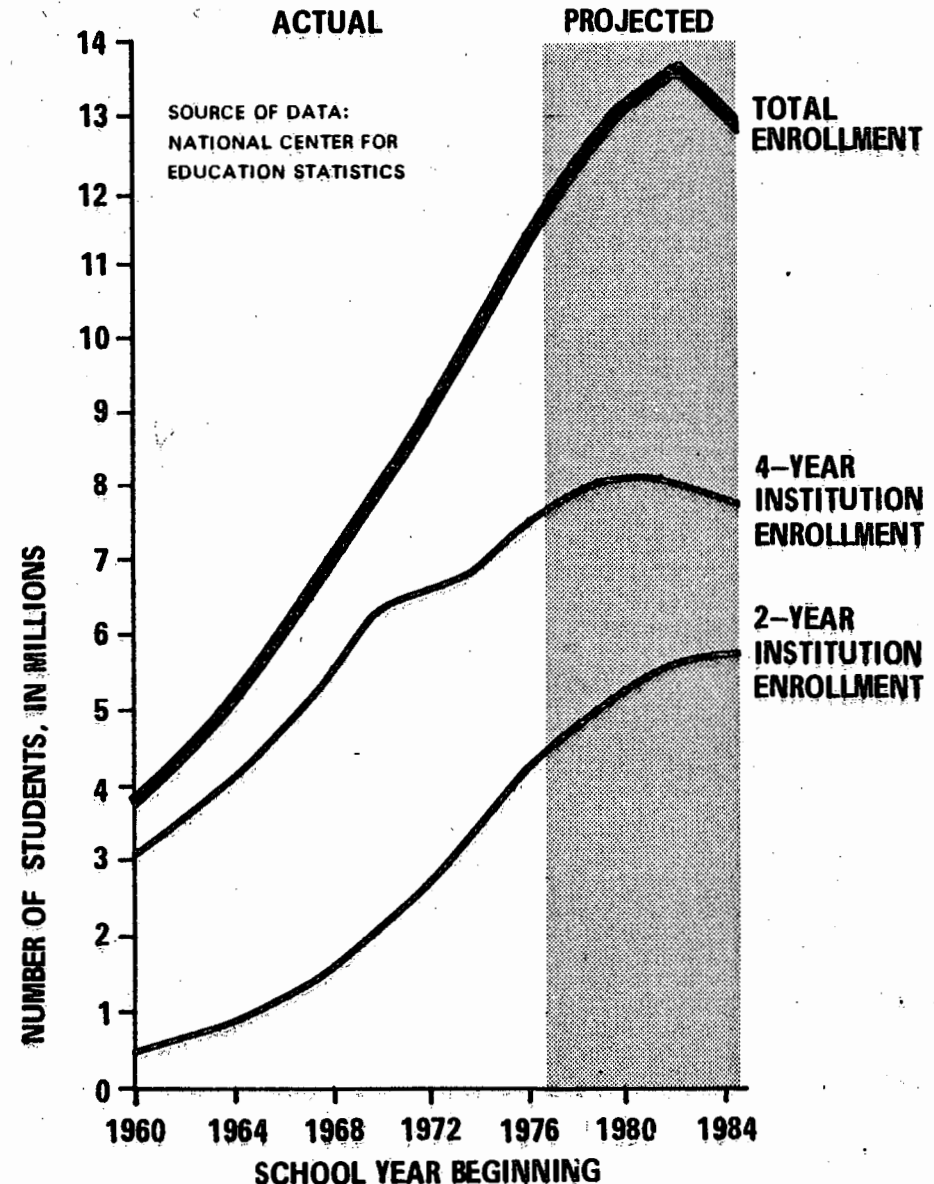
## 3. DECLINING ENROLLMENTS

### POPULATION FOR SCHOOL-AGE GROUPS



THE ELEMENTARY SCHOOL-AGE POPULATION WILL CONTINUE TO DECLINE IN SIZE FOR THE NEXT FIVE YEARS. THE SECONDARY SCHOOL-AGE POPULATION HAS NOW STARTED TO DECREASE, WHILE THE YOUNG ADULT POPULATION IS STILL GROWING AND WILL CONTINUE INCREASING THROUGH 1980.

### ENROLLMENT IN INSTITUTIONS OF HIGHER EDUCATION



THE LARGE ENROLLMENT INCREASES IN HIGHER EDUCATION THAT HAVE OCCURRED SINCE 1960 MAY SLOW IN THE 1980'S, WITH ENROLLMENT IN 4-YEAR SCHOOLS LEVELING OFF BEFORE THOSE IN 2-YEAR SCHOOLS.



## LEGISLATIVE HORIZON

The following summary lists the major pieces (\$5 billion appropriations) of education legislation that expire at the end of FY 1978 and that will be considered by the Congress before May 15, 1978. Key issues that may emerge with respect to each piece of legislation are also identified.

- Elementary and Secondary Education Act
  - Should the formula for allocating funds be changed?
  - Should a more comprehensive and flexible approach be developed by consolidating existing categorical authorities (libraries, dropout prevention, consumer education, etc.) now in the Act?
- Impact Aid
  - Reduce Impact Aid provision to serve only heavily impacted areas?
  - Should Impact Aid reform be tied to statewide school finance reform?
- Indian Education
  - What is the Federal role with respect to Indians? Should support for education for Indians be financed through public schools or tribes; or operated directly by the Federal government?
  - How can these programs be coordinated with other education programs, especially BIA's education programs?
- Emergency School Aid (desegregation)
  - Is State-apportioned assistance still needed?
  - Should desegregation assistance to urban areas be combined with a Title I compensatory education program?



## LINKAGES

There are a number of actual and potential linkages between education and human development programs, including:

- . Headstart -- one-third of all Headstart programs are located in schools. Moreover, the program is mandated to ensure that 10% of the children it serves are handicapped, while at the same time the Education for the Handicapped program is designed to serve handicapped children.
- . School lunch/breakfast -- these programs are operated through state education agencies and the schools. Little has been done to take full advantage of the nutrition education opportunities these programs offer.
- . Juvenile justice -- a major thrust of these programs is to prevent juvenile delinquency. Major opportunities exist to better relate these programs to other social counseling, recreation, and after-school activities, as well as vocational education and employment opportunities.
- . Education for the handicapped -- this program places major responsibilities on the educational system to serve handicapped children, including providing key skills and mobility training. The Vocational Rehabilitation program has developed a national network of people with expertise in providing such training. As a result, real opportunities exist for coordinating these efforts.
- . CETA/vocational education -- both these programs support training designed to prepare people for meaningful work. Each of these programs contract some parts of their programs to schools, but the two seldom interact with one another.
- . Elderly nutrition -- approximately 600 nutrition projects for the elderly are located in schools. Declining school enrollments and increasing numbers of retired older persons provide an excellent opportunity to match resources with need.

### Leadership and Focus on Education and Human Development

If one objective of the broad new department is to link more effectively services and education, it can be argued that this same objective can be achieved within HEW. A review of Secretary Califano's major initiatives suggests why this may not be a realistic expectation, however. The list below identifies these initiatives and groups them by health, income assistance, services, and education.

#### Health

- . health care cost containment
- . national health insurance
- . anti-smoking
- . teenage pregnancy
- . genetic research
- . immunization
- . child health assessment
- . Medicare/Medicaid fraud

#### Income Assistance

- . welfare reform
- . social security financing
- . welfare fraud

#### Services

- . youth and family services

#### Education

- . student loans reorganization
- . loan fraud

When departmental management and civil rights concerns are added it becomes clear that a Secretary of HEW expends most of his time dealing with issues other than services or education. For this reason, it is unlikely the objective of more effectively linking services and education will receive the leadership and focus required to make it a reality as long as these areas have to compete with other key issues on a Secretary of HEW's agenda.

This also inhibits the potential of locating other human development programs with those now in HEW. A recurrent argument against transferring the school lunch and breakfast and the community action agencies so they can be administered by the same department is that they would not receive adequate attention within HEW.

QUESTION: Can't the goals of Option 2 be achieved within HEW?

RESPONSE: The goals of option 2 can not be achieved fully within HEW for several reasons:

1. It is unlikely the Secretary of HEW will ever be able to provide the leadership and focus necessary to bring about better relationships between education and services programs now within HEW because other major issues will dominate his time. For example, during Secretary Califano's first year in office only three of the fourteen major initiatives he launched related to services and education (and this does not count civil rights and departmental management initiatives!).
2. In part because of the above point and due to a general perception that HEW is "too big" it will be difficult if not impossible to transfer other education and services programs to HEW. For example, school lunch and community action agency advocates have successfully argued against transfers to HEW in the past largely on this basis. It is unlikely without such transfers that these programs can ever become part of a comprehensive strategy to link education and human development activities. Programs totalling one-third of the budget identified for the new department described in option 2 are presently located outside HEW (\$7 billion of \$23 billion).



QUESTION: What are the costs of Option 2?

RESPONSE: There are four types of costs to establishing the new department outlined in Option 2.

1. Substantial administrative and personnel costs will be involved in the short-term. New space, contracts with GSA, stationery, job descriptions, security arrangements, accounting procedures, payroll systems and a host of other items involve time and administrative expenditures. Establishing and operating the department's office of the Secretary can be expected to add \$2 to \$2.5 million in annual administrative costs. The short term costs can be minimized by utilizing other departments' resources. For example, Interior still handles EPA's payroll.
2. Some opportunity costs will be involved during the transition that may create short term program disruptions. This will occur simply because employees will be working on transition issues rather than their normal assignments. To the extent whole divisions are transferred and not reorganized (e.g. transfer the Office of Human Development Services, which has just been reorganized, as a discrete unit to the new department and not break it up) these costs will be minimized.
3. Opportunities for better coordinating health and welfare programs with services will be decreased.
4. Substantial political costs in obtaining legislation to create the department exist. These costs will depend largely on what programs are proposed for inclusion in the department.

**QUESTION:** Should services be separated from health financing and income assistance programs?

**RESPONSE:** There is no question that services programs should be coordinated with income assistance and health financing programs. It is especially important that effective information and referral mechanisms be developed at the local level so clients can receive the services, and income and health assistance they need. It is not clear, however, that all these programs need to be located in the same department in order to facilitate this coordination. The following considerations underline this point.

1. Welfare reform, social security, and national health insurance all involve (or will involve) a major Federal administrative role. All of these programs will be directly administered by the Federal government (Medicaid and AFDC are now jointly administered by the Federal and State governments but this will probably change with welfare reform and NHI). Services, like education, on the other hand, are administered by State and local agencies and organizations. These situations require two very different Federal roles and involve different functions. In the case of income and health programs the Federal government actually administers the programs. This requires "check-writing" and eligibility determination skills. In the case of services the Federal government provides support to other agencies at the State and local level, and these agencies manage the program. This requires leadership, research, and technical assistance skills. The key relationships, consequently, are between those programs with similar functions administered at the Federal level (health financing and income assistance) and at the State and local level (services and education).
2. The assumption behind the hypothesis that income assistance and services programs should be located in the same department is that most services are income tested, and therefore in order to promote consistent

eligibility requirements these programs need to be administered by the same policy official. In reality, however, no services are truly income-tested. Headstart, WIC, Title XX, school lunch, and CETA eligibility are all based on some percentage of median family income. The rest of the services programs, while focused on the poor, operate without means tests.

3. At the local level, the intake points for income assistance and services programs are not similar. Only Title XX services are administered by county welfare offices, and a number of these services are provided by private non-profit organizations through purchase of service arrangements. Other services programs are administered by a wide variety of local public and private organizations.
4. Locating these programs in different departments will, nonetheless, decrease the opportunities for better linking them. This remains largely a theoretical concern in light of HEW's inability to develop these linkages, so option 2 will not be very different from the status quo.

**QUESTION:** Are there any savings?

**RESPONSE:** We do not expect there will be any savings in Federal personnel or budgets for these programs.

We do believe that over the long term comprehensive, coordinated education/human development programs will lead to local efficiencies that will enable more funds to be used for services rather than administrative expenses. We will examine this issue carefully in Phase II of the study and attempt to specify these savings. We also expect that by providing substantial Federal policy focus on linking these programs that significant opportunities exist to reduce Federal paperwork requirements. This can lead to savings at the State and local level. Opportunities will be examined carefully during Phase II.

QUESTION: What will be the inter-governmental implications if this new department is established?

RESPONSE: The creation of the new department may cause some initial inter-governmental difficulties because State Departments of Human Resources that now report to HEW for services, cash assistance and Medicaid would have to report to two departments. In reality, however, States now report to three agencies within HEW - OHDS, SSA and HCFA -- so this may be more of a problem in appearance than fact. Moreover, State education agencies would report to one rather than two departments as they do now (HEW, and USDA for school lunch and breakfast).

Since services are administered primarily through State governments and education by politically independent education systems, the process of linking education and services will be an incremental one. The Federal government can exert some leadership and influence through policies, selective funding of demonstration projects, and financial incentives to help foster the development of these linkages. It is clear that ultimately local communities will have to decide these linkages make sense, however, if they are going to develop.

A broadly based Department encompassing education and other human development activities may be more productive of good intergovernmental relations than either a narrow Department of Education or Department of Health, Education and Welfare (DHEW) with a strengthened Education Division. Because the new department will be more likely to (1) take a fresh, zero-based approach to reducing unnecessary regulation, (2) increase access to Federal decisionmaking, (3) increase the likelihood of consistent and coherent policies across Federal human development programs and (4) as compared with the present structure, be more conscious of the effects of local agency autonomy on the likelihood of achieving the educational objectives of Federal programs.

QUESTION: How does one make sense out of what would be left in HEW if Option 2 is implemented?

RESPONSE: H(E)W would still have a major responsibility to promote the health and welfare of the American people. The best way to think about the remaining H(E)W programs is to view them from a manager's perspective. Given welfare reform and national health insurance (NHI), the remaining programs would be clustered around the themes Income Security (Social Security and cash assistance) and Health (NHI, FDA, and the National Institutes of Health - NIH). The activities required for these programs are: "check writing" (SSA,NHI), rule making (FDA,NHI), and research (NIH). Each of these functions are uniquely Federal and will not be shared with states and localities due to the nationwide effects they have.

The skills required for these functions (efficient operations, enforcement, and planning) can be achieved best at the Federal level in a simplified organizational structure. In addition, states would have a better defined and less involved relationship with a simplified H(E)W. This would improve intergovernmental relations as well as allow H(E)W management more time to focus on their primary duties.

The organization of the remaining department will be explored more thoroughly during Phase II of the study. Particular emphasis will be placed on analyzing of the unfolding character of welfare reform and national health insurance.

Other  
Proposals

OTHER PROPOSALS TO REORGANIZE EDUCATION

1. Senator Ribicoff - March 1977  
Establish new Department of Education.

Consists of: HEW's Education Division, Headstart, DOD Overseas Schools, the Arts and Humanities endowments, BIA Indian Schools, USDA School lunch and child nutrition programs, NSF science education

2. Carnegie Commission - March 1977  
Establish two new departments

Dept. of Health, Education and Science

Dept. of Labor and Human Resources

Consists of: HEW's Health Education, and some service programs, NSF. Includes an Under Secretary for Education, Research and Advanced Studies

Consists of: DOL, and HEW's income assistance and related service programs

3. President's Task Force on Education  
(John Gardner, Chm) November 1964

Establish HEW's Education Division as a new Department, or as a separate Agency.

Create a Council of Education Advisors

4. Rufus Miles (for American Council on Education)  
- 1976

Establish a new Department of Education

Consists of: HEW's Education Division, Headstart, the Arts and Humanities Endowments, USDA school lunch and breakfast programs, NSF science education

Create a Federal Advisory Committee on Education



5. Heineman Commission - 1967

Create three Under Secretaries in a consolidated department of Human Resources

Health and Welfare	Social Insurance and Income Maintenance	Education and Manpower
--------------------	---	---------------------------

The Education and Manpower Under Secretary will have responsibility for DOL's employment and training programs and the Education Division.

6. Ash Commission - 1971

Create a new Department of Human Resources with three major administrations.

Health	Human Development	Income Security
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The Human Development Administration would have responsibility for education, services, child nutrition, and manpower.